THE FREEMAN

IDEAS ON LIBERTY

Inspiring Self–Help at the Boys Choir of Harlem

Exclusive Interview with Paul Johnson

How Much Do You Know About Liberty?

JUNE 1996

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PERSPECTIVE

A Powerful Case for Free Trade

While Adam Smith presented the best-known practical case for free trade, the most powerful rhetorical case came from Henry George in his book Protection or Free Trade *(1886). Here are some of the most memorable passages:*

Protective tariffs are as much applications of force as are blockading squadrons, and their object is the same—to prevent trade. The difference between the two is that blockading squadrons are a means whereby nations seek to prevent their enemies from trading; protective tariffs are a means whereby nations attempt to prevent their own people from trading. What protection teaches us, is to do to ourselves in time of peace what enemies seek to do to us in time of war.

Can there be any greater misuse of language than to apply to commerce terms suggesting strife, and to talk of one nation invading, deluging, overwhelming or inundating another with goods? Goods! What are they but good things—things we are all glad to get?

It may be to the interest of a shopkeeper that the people of his neighborhood should be prohibited from buying from anyone but him, so that they must take such goods as he chooses to keep, at such prices as he chooses to charge, but who would contend this was to the general advantage? Broken limbs bring fees to surgeons, but would it profit a municipality to prohibit the removal of ice from sidewalks in order to encourage surgery? Yet it is in such ways that protective tariffs act. Economically, what is the difference between restricting the importation of iron to benefit iron-producers and restricting sanitary improvements to benefit undertakers?

Every tax that raises prices for the encouragement of one industry must operate

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to discourage all other industries into which the products of that industry enter. Thus a duty that raises the price of lumber necessarily discourages the industries which make use of lumber, from those connected with the building of houses and ships to those engaged in the making of matches and wooden toothpicks; a duty that raises the price of iron discourages the innumerable industries into which iron enters; a duty that raises the price of salt discourages the dairyman and the fisherman; a duty that raises the price of sugar discourages the fruit-preserver, the maker of syrups and cordials, and so on. Thus it is evident that every additional industry protected lessens the encouragement of those already protected.

It is sometimes said that protection does not increase prices. It is sufficient answer to ask, how then can it encourage? To say that a protective duty encourages the home producer without raising prices, is to say that it encourages him without doing anything for him.

Men of different nations trade with each other for the same reason that men of the same nation do—because they find it profitable; because they thus obtain what they want with less labor than they otherwise could.

Trade is not invasion. It does not involve aggression on one side and resistance on the other, but mutual consent and gratification. There cannot be trade unless the parties to it agree, any more than there can be a quarrel unless the parties to it differ.

Trade, by permitting us to obtain each of the things we need from the locality best fitted to its production, enables us to utilize the highest powers of nature in the production of them all.

If to prevent trade were to stimulate industry and promote prosperity, then the localities where he was most isolated would show the first advances of man. The natural protection to home industry afforded by rugged mountain-chains, by burning deserts, or by seas too wide and tempestuous for the frail bark of the early mariner, would have given us the first glimmerings of civilization and shown its most rapid growth. But, in fact, it is where trade could be best carried on that we find wealth first accumulating and civilization beginning. It is on accessible harbors, by navigable rivers and much traveled highways that we find cities arising and the arts and sciences developing.

Trade has ever been the extinguisher of war, the eradicator of prejudice, the diffuser of knowledge. It is by trade that useful seeds and animals, useful arts and inventions, have been carried over the world, and that men in one place have been enabled not only to obtain the products, but to profit by the observations, discoveries and inventions of men in other places. Wits are sharpened, languages enriched, habits and customs brought to the test of comparison and new ideas enkindled.

The most progressive peoples . . . have always been the peoples who came most in contact with and learned most from others.

—HENRY GEORGE
Protection or Free Trade

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THE FREEMAN
IDEAS ON LIBERTY

An Exclusive *Freeman* Interview:

Historian Paul Johnson on American Liberty

For friends of freedom, Paul Johnson is perhaps today's most beloved historian. He tells a dramatic story with moral passion. He gives readers tremendous pleasure as he celebrates liberty and denounces tyranny. "Paul Johnson," declared *Wall Street Journal* editor Robert Bartley, "is one of the premier wordsmiths of the English language." *The New Yorker* called him "a good writer and clear thinker." Even *Foreign Affairs*, pillar of the establishment, acknowledged his achievements: "A latter-day Mencken, Johnson is witty, gritty and compulsively readable."

Johnson's 28 books, including *The History of Christianity* (1976), *The History of the Jews* (1987), *The Intellectuals* (1988), and *The Birth of the Modern* (1991), have covered some of the biggest stories of all time.

Johnson is most famous for *Modern Times* (1983), the breath-taking epic of twentieth-century tyranny. Before that book, intellectuals commonly distinguished between bad "right-wing" totalitarianism (fascism and Nazism) and justifiable "left-wing" totalitarianism (socialism and Communism), whose crimes were overlooked. Johnson dared to denounce them all as evil. While he wasn't the first to do this, he had the greatest impact as he made one tyrant after another accountable for their savage killings.

Modern Times never sold fast enough to hit a bestseller list, but word-of-mouth was fantastic. For example, *American Spectator*: "*Modern Times* is an extraordinary book." *Los Angeles Times*: "Johnson's insights are often brilliant and of value in their startling freshness." *Times Literary Supplement* (London): "powerful, lively, compelling and provocative." Translated into 20 languages, *Modern Times* went on to sell an astounding six million copies. Johnson issued a revised edition in 1991.

For decades, history has been the province of academics, but Johnson came up through journalism. Born in Barton, Lancashire, Johnson was educated at Stonyhurst, England's oldest Catholic boarding school, and at Magdalen College, Oxford. He worked as assistant editor of Paris-based *Realités* (1952–1955) and then the weekly *New Statesman* (1955–1970). He was editor during his last six years there.

Johnson emerged as a herald of liberty in the 1970s. "I had once thought liberty was divisible, that you could have very great personal liberty within a framework of substantial state control of the economy," he reflects, "but I don't mind saying I was quite wrong. The thing that finally convinced me was the issue of compulsory unionism." He made his conversion clear in *Enemies of Society* (1977), an extended attack on what he called the "fascist left."

It's easy to see why readers eagerly await Johnson's next book, a history of the Amer-

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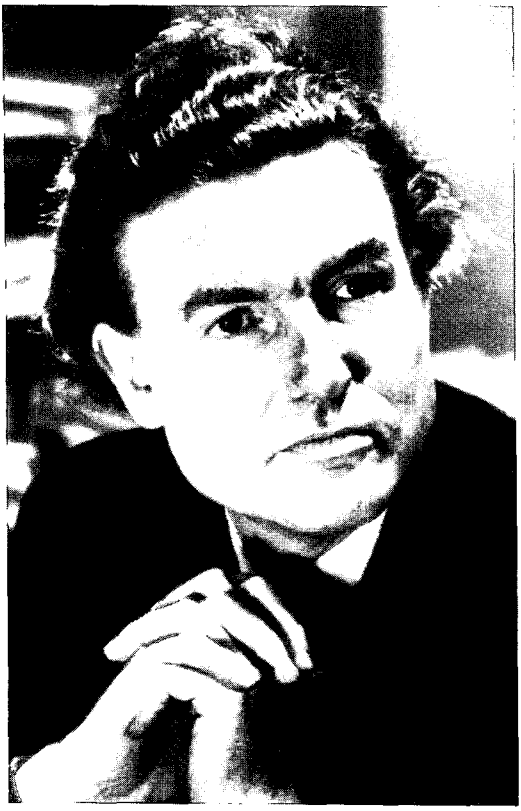

Paul Johnson

ican people. In October 1994 he provided a glimpse with three stirring lectures at Manhattan's elegant J. Pierpont Morgan Library. The place was packed. Among the celebrities present were financial wizard Theodore Forstmann and best-selling author Tom Wolfe. Johnson focused on the role of religion in America. Recordings of his lectures were snapped up around the world.

Johnson has quite a presence. He's 6 feet 1 inch tall, has a ruddy complexion, and a mane of champagne hair. He speaks with a commanding voice.

Johnson lives with his wife of nearly 40 years, Marigold Hunt, in Bayswater, London. They have three sons, a daughter, and five grandchildren.

There are some 10,000 volumes in his personal library. When researching a subject, he fills hundreds of notebooks with material. Then to help concentrate as much as possible, he writes in a ground-floor study about the size of a closet, surrounded by reference books which are all within reach of his chair. He composes on an Olympia electric typewriter and logs his sources on an adjacent typewriter. "I write in the morning, because that's when my brain seems to work best," he says.

His study window overlooks a garden where he's building a studio for his painting. He avidly paints watercolors of landscapes, cathedrals, and castles—he has had two one-man shows in London. Once the studio is finished, he will turn to oils.

Recently *The Freeman* talked with Johnson about his latest work. He generously shared insights on American liberty and individualism.

The Freeman: **The pages of a Manhattan phone book could easily pass for a phone book of Buenos Aires or a lot of other cities with English names, German names, Italian names, Jewish names, Spanish names, and so on. Yet breakthroughs for liberty occurred mainly in America.**

Johnson: The majority of people who came to America in the seventeenth and eighteenth centuries were from the British Isles. They shared a common language, a common political tradition, and the common law. America benefited from a debate about liberty, which had gone on in England for some 150 years.

The Freeman: **In your Morgan lectures, you talked about how religion contributed to American liberty.**

Johnson: The ethical basis of the United States was a broad-based Protestantism.

This was the case even though not all the colonies were Protestant. Maryland was Catholic for a long time. Rhode Island was a non-denominational state, formed by people who broke away from the restrictive Protestantism of New England.

This Protestantism didn't base itself on narrow points of religious doctrine. The stress was on morals rather than doctrine. There was general agreement on how people ought to behave, subscribed to by Catholics and Jews who came to America.

The Freeman: **How did religious freedom develop in America?**

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Johnson: The clergy had much less power than in Europe. This was true from the very beginning. American ministers could determine church membership, but that was about it. American churches were always managed by laymen. They didn't have the special privileges which were traditional in Europe. This is why European anti-clericalism never took root in America.

Religion became a series of voluntary movements, or awakenings as they were called, which had a profound impact on America's constitutional and social development. The first Great Awakening began in 1719 and continued for about a quarter-century. It created a ecumenical, American-type religious practice which affected all religious groups.

The Great Awakening was characterized by evangelical vigor. There was a tendency to downgrade the clergy. Little interest in liturgical correctness. Above all, an emphasis on individual spiritual experience. The key text was Revelations 21:5: "Behold, I make all things new."

The most famous of the Great Awakeners was Jonathan Edwards, who stressed reason and natural law as a guide for Christian conduct. He remarked that he read John Locke's *Essay Concerning Human Understanding* "with more pleasure than the most greedy miser finds when gathering up handfuls of silver and gold."

The Great Awakening was a necessary prelude to the American Revolution. Remember John Adams's famous lines that "The Revolution was effected before the War commenced. The Revolution was in the minds and hearts of the people and changed their religious sentiments of their duties and obligations."

The triumph of voluntarism in American religion led almost everybody to link Christian enthusiasm with political liberty.

The Freeman: **How about the role of religion in abolishing slavery?**

Johnson: There was a theology of abolition which was primarily a moral theology. In 1845, Edward Beecher published a series of articles on what he called the nation's "organic sin" of slavery. These articles invested the abolitionist movement with a whole series of evangelical insights.

Uncle Tom's Cabin itself had a background in religion, especially moral theology. It was a self-improvement tract as well as a political tract.

Organized religions, however, remained largely silent on the slavery issue before the Civil War. Catholics, Episcopalians, and Lutherans avoided public debate which would split their ranks. Presbyterian, Wesleyan, and Baptist church leaders tried but were less successful in avoiding debate about slavery.

After the outbreak of the Civil War, religious leaders quoted Scripture to support their respective sides. Northern clergymen portrayed the conflict as a holy war. Southern clergymen did as much as they could to prolong the futile struggle.

The Freeman: **What was the impact of immigration on liberty?**

Johnson: The more people came to America, the greater the diversity of views, including religious views.

Catholics, Jews, and myriad Protestant sects wanted their views tolerated, free from persecution.

It became harder for zealots to impose their views on a burgeoning, diverse population.

Roger Williams easily broke away from Puritan orthodoxy and founded his own free colony—Rhode Island.

By about 1700, the Puritans had lost their religious monopoly on New England.

So the increasing number and diversity of people helped protect against the possibility that any one group would gain political control over others.

The Freeman: **Would you say immigration generally limited the power of elites?**

Johnson: Yes, large numbers of immigrants started businesses and grew rich. They challenged dominant firms. They gained political influence. Both markets and politics became more competitive.

In the process, immigrants helped America gain the economic means and foreign connections which helped achieve Indepen-

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dence. It's hard to imagine America winning the Revolutionary War if it had been a poor, unsophisticated backwater.

The Freeman: **How has immigration affected American culture?**

Johnson: Immigrants contributed tremendous dynamism.

People were transformed by leaving a settled society where they had a place. They were energized as they entered a new world. Anything was possible. The immigration experience stimulated Protestants and Catholics alike in America. I think one reason Jews have been dynamic is that they were always on the move, having to establish themselves in new places. I see the same stimulus at work today on Asians in Britain and America.

Many visitors commented on the dynamism of American society, and I think a great deal of it has to do with the number of new people struggling upward.

The Freeman: **Why were our Founding Fathers so successful in securing a reasonably free society when similar efforts elsewhere failed?**

Johnson: A major reason was that proposed political changes were subject to public debate and discussion.

During the 1770s and 1780s, America wasn't yet a democracy. Male suffrage was limited. Still, a lot of males could vote.

Equally important, the Founding Fathers were imbued with the democratic spirit. They believed every man had a right to voice his views. Debate took place in public meetings, legislatures and in the growing media.

There was a proliferation of daily and weekly newspapers. When a new town was founded, often the first building erected was for printing presses. Newspapers circulated throughout the colonies.

America was fortunate that there was an outstanding group of people who shaped the debate and the Constitution itself. One would have to go a long way in history to find a group as competent, cosmopolitan, and skillful with the language.

The most important documents were framed in eloquent language which could be grasped by ordinary people. Both the Declaration of Independence and the Constitution were beautifully written. Generations of schoolchildren learned them. As a literary document, the U.S. Constitution is infinitely superior to any of the 12 constitutions France has had since then.

Because most people could appreciate the Constitution, it became theirs. They supported it, worked with it, and it has endured, contributing to remarkable political stability. In other countries, there was a lack of support for constitutions which were a tangle of bureaucratic jargon.

The Freeman: **Why was a separation of powers successfully established in the United States but not in France where the Revolution turned into the Reign of Terror?**

Johnson: Americans didn't try to create something out of nothing.

The U.S. Constitution evolved from the experience of 13 colonies. This, experience, in turn, evolved from British experience going back to Magna Carta (1215). The Founding Fathers, especially James Madison, analyzed many other constitutional arrangements as well. A separation of powers was present in the most successful previous constitutions, and the Founding Fathers were not only determined that it would be present in their constitution, but they would push the principle farther than it had ever gone before.

Moreover, the Founding Fathers were loyal to their respective states, and they weren't about to embrace a constitution which made the states mere precincts of the federal government. That's why the resulting Constitution divided power between states and federal government as well as among branches of the federal government.

By contrast, during their Revolution the French cut themselves off from past experience. They changed the names of the months. They changed reckoning of years. They threw out religion. In their hurry to push political change, they established even more centralization than there had been under the monarchy. Political change occurred not through open debate, as in America, but through violence. It escalated into the Terror, followed by Napoleon's

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authoritarian regime and more than a decade of war which led to even more centralization.

The Freeman: **Some observers have remarked that a major accomplishment of the Constitution was to establish perhaps the world's largest free trade area. What do you think?**

Johnson: No question about it, establishing a free trade area was an enormously important stimulus for prosperity in America. This began decades before the high-tariff era following the Civil War.

Europe was a lot of little markets separated by border barriers. People who travelled across France had to stop and pay local taxes frequently. The situation was even worse in Germany and Italy which consisted of many small states. There were toll collectors all along major roads as well as rivers like the Rhine. These taxes were a major obstacle to enterprise.

One reason the Industrial Revolution began in Britain was that it formed a relatively large free trade area—England, Wales, Scotland, and Ireland.

Since America was a larger territory, the potential was much greater, but it took a while to develop. Initially, the colonies traded mainly with Britain. Then came immigrants who helped settle remote regions. Roads and canals helped connect commercial centers. The economy really began to grow as people traded with each other, and America became a vast free market.

The Freeman: **Why did individualism develop more in America than anywhere else?**

Johnson: Probably because the way America created and sustained the spirit of entrepreneurial initiative. I don't think you can separate the politics from the economics of this.

America is unique in being a large country where anyone who has an idea can try it out and encounter the fewest obstacles from government and society. This is still true despite the explosion of government regulations during the twentieth century. Entrepreneurs from overseas recognize the comparatively favorable business climate right away.

Individualism is expressed through the political system, too. America is among the few countries where the chief executive is directly elected by everyone.

I believe people elsewhere value individualism, but they don't get much opportunity to express it. For instance, in Britain, we have a Parliamentary system and cabinet government. You vote for a party, and if it gets the support of a majority, it picks the Prime Minister and cabinet.

The Freeman: **Many people imagined that government power could be made to serve the general interest, yet again and again we've seen government power captured by politically connected special interests who are better off than most of us. Any comment?**

Johnson: Yes, every imaginable point of view has a lobbying presence in Washington, D.C. You have traditional pressure groups like big airlines, fruit growers, or agricultural workers. In addition, there's been a proliferation of lobbyists representing those interested in child care, single mothers, mental health, and so forth.

Many laws—like tax increases—are enacted although polls might suggest most people are against them. Conversely, Congress kills measures, such as term limits, despite strong popular support.

All this has had an alarming impact on government finances. In the past, following a crisis like a war or depression, Washington gradually paid down its debt. President Andrew Jackson actually wiped it out. But around 1975, the national debt began to rise even though there wasn't a war, depression, or other emergency. It rose because powerful lobbyists generated irresistible pressures to spend more money. The spending and debt continue to spin out of control.

The Freeman: **Why does American individualism seem to have survived despite the enormous growth of government power during the twentieth century?**

Johnson: Well, that is quite remarkable. Under Herbert Hoover, who had overseen some dramatic expansion of government during World War I, Washington responded

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to the Great Depression by again expanding its power. This, of course, accelerated under Franklin Roosevelt. It was fashionable for New Dealers to talk about Soviet-type economic planning. Government power expanded even more dramatically during the Second World War.

Yet America never went for statism as much as other countries. Maybe because the spirit of individualism somehow endured, you didn't have the nationalizations which swept through Britain, Europe, and Asia after the war. On the contrary, many wartime bureaucracies were dismantled. There was some breathing room for entrepreneurs, and they created the postwar boom which opened new markets, developed new technologies, and in many ways helped renew the spirit of individualism.

Adam Smith remarked that there is a lot of ruin in a nation. People can absorb frightening abuse from government and bounce back if they're able to preserve at least a little freedom.

The Freeman: **What do you think it takes to bring government under control?**

Johnson: Enormous strength of political will.

Often this develops only in a severe economic crisis which marks the dead end of statist polices. For example, an economic crisis made cuts in government spending, privatization of government operations, and the repeal of suffocating regulations politically possible in Argentina, Australia, Chile, Mexico, Spain, Turkey, and other countries during the 1980s. An economic crisis set the stage for Margaret Thatcher in Britain and Ronald Reagan in America.

A model of freedom is tremendously important. Reagan drew inspiration from Thatcher who had become Prime Minister about a year before he was elected President, and she, in turn, could point to his successes as she charted the liberalization of Britain.

Although Hong Kong is tiny, its phenomenal success has had an electrifying impact throughout Asia. People could get on an airplane and see for themselves how well free markets work.

New Zealand has swept away its welfare state—taxes, subsidies, everything—and embraced American-style individualism. Now they have one of the world's fastest growing economies.

The Freeman: **Are you pessimistic or optimistic about the prospects for liberty in America?**

Johnson: During the past couple decades, more people have become aware of the government problem. There's a sense of danger throughout society. Both main parties are aware of it—to the extent that President Clinton, in his last State of the Union address, found it politically expedient to declare that the era of big government was over. The media seem to be more skeptical about government. It's a heartening advance that people are no longer shutting their eyes to the problem. I expect people will begin to tackle it in the early years of the twenty-first century.

The Freeman: **Thanks very much.** □

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THE FREEMAN
IDEAS ON LIBERTY

How Walter Turnbull Inspires Self-Help at the Boys Choir of Harlem

by Marisa Manley

The Boys Choir of Harlem helps renew the American dream. The boys are poor. They're menaced by gangs and tempted by drugs. Three-quarters come from broken homes. Reportedly over 70 percent of neighborhood teenagers drop out of high school, yet 98 percent of Boys Choir of Harlem members graduate from college. The more than 1,000 alumni have gone on to successful careers as entrepreneurs, ministers, teachers, and, naturally, musicians.

This seeming miracle began as the vision of Walter Turnbull, 51, a burly, bespectacled man who founded the Boys Choir of Harlem more than a quarter-century ago and remains its guiding spirit today. "I simply wanted to share the joy of music with African-American children," he explains. "It has the kind of power to lift people above any particular circumstance and inspire the heart. Music is very magical, able to transform children with no more than lint in their pockets and honey in their throats into grand performers on the world stage."

Marisa Manley is president of Commercial Tenant Real Estate Representation Ltd., Manhattan. Her articles have appeared in Harvard Business Review, Inc., *and the* Wall Street Journal.

Turnbull's boys delight audiences with a cosmopolitan repertoire ranging from songs by such classical composers as Bach, Brahms, Handel, Haydn, and Mozart to works of modern classicists like Britten, jazz immortals like Joplin, Gershwin, and Ellington, plus pop tunes and spirituals. The Boys Choir of Harlem gives about 100 concerts every year.

They have performed in concert halls around the world—some 20 countries all together. They appeared on Broadway, in the White House, at London's Albert Hall, and Tokyo's Bukodan. They performed on soundtracks for popular movies like *Glory* (1989), and they heralded the grand opening of the Disney movie *Pocahantas* (1995). They have performed as background vocalists and featured artists on a variety of albums, including *Pavarotti in Central Park* and *Michael Crawford Performs Andrew Lloyd Webber*, among others. Last year, the Boys Choir of Harlem produced their first solo album, *A Song of Hope*.

As CBS-TV's *60 Minutes* filmed a segment on the Boys Choir of Harlem, correspondent Morley Safer asked Turnbull, "What makes your kids different from the other kids that we read about, the ones that go out and assault people and use drugs?"

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Turnbull's reply: "My kids come from the same kinds of families. The difference is that there is somebody willing to do something for them, and they are willing to do something. There is an opportunity."

Turnbull added later, "We instill in these kids the belief that they can be the best at any thing they choose. Music lifts every voice, not just children who can sing and dance well but also those who are not blessed with natural talent yet still have a dream of becoming somebody." In 1986, President Ronald Reagan honored the Boys Choir of Harlem with the Presidential Volunteer Action Award.

Turnbull grew up in Greenville, Mississippi, back when blacks were discouraged from making much of themselves. He credits his mother, Lena Green, for spurring him on. He loved music and took piano lessons for 25 cents apiece. He joined the local high school choir which was led by Herticene Jones, a demanding taskmaster. She insisted that everyone show up on time, concentrate, and put in as much practice as needed to achieve perfection. Turnbull remembers that her choirs topped the state competitions for years.

At Tougaloo College, near Jackson, Mississippi, Turnbull joined the choir directed by an elegant man named Ariel Lovelace who inspired students to fulfill their potential. Lovelace had a master's degree in music and experience as music director at many institutions, so he helped his singers develop polish. He provided instruction in everything required for a good presentation, including table manners. "He taught me how to be a man of substance, a man of character, and yet be a man capable of showing his vulnerabilities," Turnbull recalls in his recent book, *Lift Every Voice.*

Turnbull set his sights on becoming an operatic tenor, and after graduation he won a scholarship at the Manhattan School of Music. To prepare for opera, he took diction classes in English, French, German, Italian, and Russian. He performed with the New York Philharmonic, the Philadelphia Symphony Orchestra, the Houston Grand Opera, and the Alvin Ailey Dance Theatre. His credits include Bizet's *Carmen*, Mozart's *Die Zauberflöte*, Puccini's *Turandot*, Verdi's *La Traviata,* and the Broadway production of Joplin's *Treemonisha.*

Walter Turnbull

He earned money from various singing jobs, and at the Southport, Connecticut, Trinity Episcopal Church, he heard the sweet sounds of a boys choir. This got him thinking about the possibility of starting one where he worshiped, Ephesus Seventh- Day Adventist Church in Harlem.

He began recruiting among families at that church and held the first rehearsal one Saturday afternoon in 1968. Gradually the choir expanded and handled more challenging classical music. He researched boys choirs around the world to discover all the possibilities. Meanwhile, he finished his master's degree at the Manhattan School of Music (a doctorate came later) and earned money as a non-union music teacher at Harlem Junior High School 99.

But soon he found he couldn't continue expanding the choir from talent available at Ephesus, and church members resisted the idea of drawing choir members from elsewhere. Turnbull asked around for advice on how to form a nonprofit organization, and by November 1974 the Boys Choir of Harlem was incorporated. He was off on his own.

A friend let him rehearse at the Garvey Center. "The piano was out of tune, and

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many of the keys didn't work," Turnbull says in *Lift Every Voice*. "The building was cold, and we often rehearsed bundled in our coats and scarves. Even though we didn't have much, our ambitions were high. We never canceled a rehearsal."

A Magnificent Obsession

The Boys Choir of Harlem became a magnificent obsession. Sometimes Turnbull drove a taxicab to pay bills. He did errands in his beat-up Chevy Nova whose front seat was propped up with a two-by-four. His brother Horace helped by leaving groceries in his refrigerator. Turnbull emphasizes he wasn't a one-man band. "The staff has sometimes gone without a paycheck. The choir exists because many people made sacrifices."

Somehow Turnbull raised money, recruited members, endlessly rehearsed, and booked performances. Like his unforgettable teachers Herticene Jones and Ariel Lovelace, Turnbull recognized that to succeed he must do far more than cultivate voices. He had to help his singers grow up right.

"The problem is acute in many African-American communities," he notes, "where the staggering statistics of teenage pregnancies, black-on-black violence, and incarceration rates demonstrate all too clearly the need for children to know the meaning of words such as respect, honesty, integrity, discipline, hard work, and love."

The first lessons involve punctuality. Turnbull requires that those who don't show up on time present their excuses to everyone else, which often provokes snickers. "Public humiliation is a great motivator," he observes, "and nothing is too small to launch into a larger lesson on life. If a child asks to be excused to use the bathroom only ten minutes after rehearsal had begun, I tell the boy and the class about the word 'preparation' and how they have to plan things in their lives."

Turnbull insists that children be honest. "We are honest with them and expect them to be honest with us," he says. "If we see them doing something wrong or antisocial, we stop and talk with them about their behavior. It's more than telling them that they were doing something unacceptable. We tell them why their behavior was wrong and what the consequences would be if they continued with that behavior."

Turnbull teaches self-discipline. He works hard to increase their attention spans while they stand erect. "Almost immediately," he explains, "we are socializing the children, helping them eliminate their youthful tendencies to slouch and lean. That's part of the choir's magical abilities: it's as if they're learning to sing and hold their heads pridefully upright at the same time."

Turnbull believes that if a child is lagging despite sincere effort, the teacher's approach must be wrong. "Instead of simply saying our children have short attention spans, our philosophy is to make their attention spans longer. They can't cope in mainstream society otherwise. By its very nature, music helps ease the work of being disciplined."

Turnbull shows how to resolve conflicts amicably. "Fighting is not tolerated here," he says. "It represents a failure to solve conflicts without violence, one of the principal reasons black males are murdered on the streets in phenomenal numbers. Conflict resolution and learning how to deal with disappointment are key elements to socialization."

Turnbull encourages everyone to develop personal goals. Starting in the fourth grade, he talks about the value of a college education. He has choir alumni—people from Harlem neighborhoods—return and show why it's better to cultivate their minds rather than hang out with hoodlums.

Encouraging Success

Turnbull covers practical skills like how to dress. "The importance of dress is not to be underestimated," he says. "I recognize children's need to be fashionably hip, but I want them to understand they can't go out and get jobs wearing those types of fashions.

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PHOTO: PETER CUNNINGHAM, COURTESY MENDOLA, LTD.

The Boys Choir of Harlem

The modern-style imitation of inmates is popular on the streets but not here. We don't allow our students to wear hats inside the building. We require coats and ties. Personal grooming is important. We're encouraging success."

At one time or another, it seems Turnbull and his staff have done just about everything to help keep children in the program. They have had to provide family counseling, buy them groceries, new shoes, and winter coats. The Reverend Sherwin Callwood recalled one occasion when "Mr. Turnbull took the boys down to the basement and sat them down with a knife, spoon, and fork and taught how to use these properly."

Singer Rodney Wiggins added that "When we went to France, Mr. Turnbull told us people wouldn't look at our singing as much as our behavior. They think all black kids from Harlem are hoodlums."

Apparently their hard work paid off. For example, the reviewer of *Classique Paris* raved about their "extraordinary music."

Turnbull sees again and again how clas-

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sical music can help change people's lives. "For many of these children, classical music is new and exciting. Most of the children do not come here with a fear of learning this music, widely considered to be the domain of the elite. They become more interested when they see me and our conductors perform and talk enthusiastically about the great works of Western civilization. It's not that these children can't appreciate the music: they have not been exposed to the works of the masters, composers such as Haydn, Schubert, and Bruckner, many of whom were boy choristers themselves. Enthusiasm is infectious.

"Our children gain a certain sophistication as a result of their learning about different languages, different countries, different types of people and cultures," Turnbull continues. "As the boys get older and master the basic techniques, we spend time explaining the meanings of different works to further prepare them for performances.

"Music is for the soul, nurturing the heart and challenging the brain. We have used it as a vehicle to provide children with a classical education in what is truly important: developing the character. That is not to downplay our primary goal of becoming a world-class performing arts organization. Both work hand-in-hand here, one integral to the other."

The Choir Academy of Harlem

As for other subjects, Turnbull found that his staff had to spend considerable time tutoring the children, because they weren't learning at government schools. In 1987, he decided he had to do something. He started the Choir Academy of Harlem. It concentrates on the much-neglected fundamentals of English, science, math, history, literature, and foreign languages. There are now some 3,000 applications every year for 418 places—so much for the notion that inner-city parents don't care about good education. The Academy, which admits 118 girls as well as 300 boys, occupies a part of a former government school on Madison Avenue at 127th Street. Girls compete for about 100 positions in the girls choir and 35 positions in their performing choir which travels throughout the region. Similarly, boys compete for the roughly 100 positions in the boys choir, of which around 35 are in the famous performing choir.

Making all this happen is tough. "People see the Boys Choir of Harlem on TV all the time, which sort of implies that everything is okay," says Turnbull. "But in fact, we struggle financially from day to day."

What do the kids say about their experience? Take Allen Pinkney: "I saw how the staff tried to help us better ourselves. I never really understood why Dr. Turnbull would scream and yell at us. At times I thought he hated us, but as time went on I began to see he cared, because if he didn't care he wouldn't stay on us."

Alex Ortiz: "The choir taught me life is what you make it."

Keron Nixon: "If it wasn't for the choir I just might be some little hardheaded kid running the streets. The choir has taught me that in order to be a real man, you have to have discipline, manners."

Tyree Marcus: "The choir has taught me about honesty and courage, meaning that you stand up for doing the right things instead of the wrong ones."

Perhaps Jimmie Kimbrough put it best: "Turnbull is always talking about reaching the next level, even when you feel like you can't get any better." □

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THE FREEMAN
IDEAS ON LIBERTY

Why Our Company Needs Immigrants

by Michael C. Maibach

There's more and more talk about restricting legal immigration, but this could be a disaster for America. No one country has a monopoly on brains. If we are to remain competitive, we must be free to choose among the best people available, wherever they might come from.

Our industry, microelectronics, is astonishingly competitive. Product performance doubles about every 18 months, while product prices decline as much as 30 percent annually. If the auto industry developed like microelectronics, you'd soon see a Mercedes that could go 50,000 miles per hour and cost 25 cents!

Our industry is competitive because customers demand more computing power for less money. As they discover more ways to increase productivity and expand their capabilities with microelectronics technology, they shop around for the best performance. A company either supplies it or sees customers go to others who can better serve their needs.

Let me give you an idea of the astonishing complexity such technology involves. Our first transistor, the Intel 4004, which became available in 1971, had 2,300 transistors. That was mind-boggling when you consider that simple transistor radios were a recent development. Today, our Pentium Pro chip has five million transistors—the equivalent of five million vacuum tubes. Creating it was like designing New York City from scratch so that millions of people get to work within minutes, and no one bumps into anyone else. And such a product in terms of computing power—millions of instructions per second (MIPs)—must be delivered for less money. Back in 1979, the cost of a MIP of computing power was $1,080, but now it's just $5.

Our company is on the leading edge of computer technology thanks in no small measure to immigrant talent. Our most famous immigrant is Andrew S. Grove who arrived at the Brooklyn Naval Yard in 1957 after escaping from Communist Hungary. He didn't seem very promising, with just the clothes on his back and about $20. Relatives took him in. He enrolled as a second-year engineering student at City College of New York. Six years later, he earned a Ph.D. in chemical engineering at the University of California and got a job with Fairchild Semiconductor. Eleven years after arriving as a poor immigrant, Dr. Grove joined Dr. Robert Noyce of Iowa and Dr. Gordon Moore of California to start Intel. Today Dr. Grove is Intel's President and Chief Executive Officer.

Immigrants worked hand-in-hand with American-born people to achieve one technological breakthrough after another at Intel. Jean Hourni, from Switzerland, de-

Mr. Maibach is a vice president of Intel Corporation.

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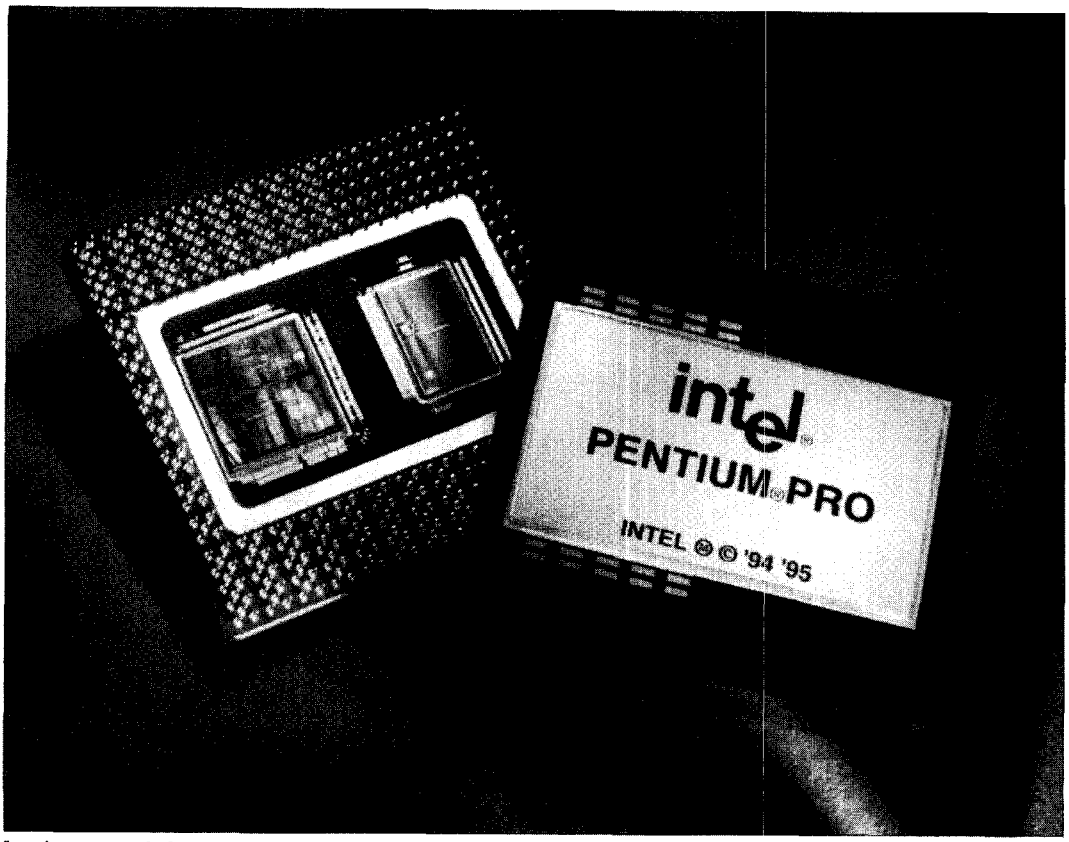

Immigrants made key contributions to the development of this thumbnail-size Pentium Pro microprocessor, which contains an incredible five million transistors. It gives personal computers the power of a high-priced office work station—for perhaps two-thirds less money.

veloped the planar process. This put transistors on a flat surface, the first step toward miniaturization. Dov Frohman, from Israel, invented the electronic programmable read-only memory. Frederico Faggin, from Italy, was co-inventor of silicon gate technology and the first microprocessor. Mayotoshi Shima, from Japan, designed the 8086 microprocessor which launched our super-fast Pentium technology. Recently, Ryan Manepally of India co-developed our new Pro Share product which handles inexpensive teleconferencing over your personal computer.

Intel needs immigrants despite spending a lot of money on education and training, most of which goes to native-born people. The Intel Foundation contributes $23 million annually for scholarships, grants, teacher training, curriculum development, and programs from kindergarten through university which focus on math, science, and engineering. Moreover, Intel spends $4.5 million annually on tuition reimbursement and $120 million annually on internal training for employees.

Today, over half of Intel's sales occur outside the United States. We're a major manufacturer with 75 percent of our plants in the United States—only Boeing exports a higher percentage of world-wide production from our shores. Intel's microprocessor architecture is used by 80 percent of the world's computers.

Intel performs 90 percent of its research and development in America. But if immigration were curtailed, we would either have to transfer more of our operations overseas or see talented people and business go to overseas competitors. In this competitive industry, a six-month delay introducing a new product can easily cost us $1 billion.

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A Vital Part of the Technological Labor Force

Immigrants are vital for many other companies besides Intel. Immigrants started or currently lead Apple, AST, Atmel, Borland, Compaq, Computer Associates, LSI Logic, Sun Microsystems, 3Com, Wyse Technology, and Xicor, among others. The designer of the "hot" Internet software called Java is Canadian James Gosling. About one-third of Silicon Valley engineers are foreign-born. About one-third of the engineers at IBM's Yorktown Heights Lab and at AT&T's Bell Labs are foreign-born. Microsoft depends on foreign-born individuals to translate its software into 30 languages for sale in over 100 countries.

Immigrants play a key role at high technology centers throughout America—including the "Silicon Desert" in Arizona, the "Rio Grande High-Tech Corridor" in New Mexico, the "Silicon Prairie" in Texas, the "Silicon Forest" in Oregon, and Route 128 in Massachusetts.

Today's immigrants might not come here with much money, they might look different and speak strange languages, but their entrepreneurial spirit and desire to achieve is 100 percent American. Foreign-born college undergraduates are twice as likely to go on to earn a Ph.D. as native-born undergraduates. Over 40 percent of engineering and physics graduate students at American universities are foreign-born. About a third of America's Nobel Prize winners have been, too.

None of this is new. American industry has long thrived on immigrant talent. Frenchman E.I. DuPont helped develop the American chemical industry. Scotsman Andrew Carnegie introduced new technologies to dramatically cut the cost of making steel. The Italian A.P. Giannini started Bank of America. Jewish immigrants created great Hollywood studios like Metro-Goldwyn-Mayer. German immigrants introduced all kinds of technology as they built companies like Bausch and Lomb, Weyerhaeuser, Chrysler, Steinway, Wurlitzer, Hershey, Heinz, and Anheuser-Busch. Unskilled Chinese and Japanese immigrants performed the difficult, dangerous work of building American railroads. Hispanic immigrants have started tens of thousands of small business enterprises. Immigrants helped develop American nuclear and missile technology. Immigrants helped land an American on the moon.

Far from being a sign of weakness, as some opponents of immigration claim, the presence of so many immigrants affirms America's enduring strength. For thousands of years, people have migrated to places where they could be free. A locale doesn't need to have natural resources, money, or a large population to prosper; as long as it offers freedom, it will attract everything. Witness the freedom which turned the ocean bottom into Holland, mudflats into Venice, and barren islands into booming Singapore and Hong Kong.

Our company is better, our industry is more competitive, and our nation is more prosperous because of immigrants. America remains a special place where all kinds of people are free to prosper peacefully together. □

Promoting Free Trade

"It appears to me that a moral and even a religious spirit may be infused into the topic [free trade], and if agitated in the same manner that the question of slavery has been, it will be irresistible."

—Richard Cobden, October 5, 1838

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Lessons for Welfare Reformers

Government welfare programs are on the intellectual chopping block, as well they should be. Reams of evidence, reflecting the destruction of the real lives of real people, point to a decisive verdict: the welfare state is a costly failure.

Moreover, reformers are right to call for a revival of *private* social welfare initiatives. When private individuals resolve to help the needy, recipients get something different from a government welfare check and the demoralizing dependency that comes with it. They get the one-on-one mentoring, spiritual guidance, character training, or other forms of personal attention so necessary to turn most troubled lives around. Ridding ourselves of the harmful pathologies spawned by the welfare state means trusting once again to people to help people from the goodness of their caring hearts.

Getting to a situation of privatized welfare is not going to be easy or riskless. "Society owes me a living" is a hardened sentiment in many corners of America, requiring a fundamental change in thinking and behavior. New private organizations are needed to help clean up the mess that government welfare programs have created, but many overtaxed Americans feel they have already given all they can afford.

In the national discussion about ending government welfare, one danger looms large but isn't getting the attention it deserves—the danger that private groups may themselves become "welfare recipients" at the expense of their freedom and effectiveness. Some reformers are actually calling for local, state, and federal governments to "end" welfare by directly subsidizing or contracting with private groups.

Some charities are already on the dole and the experience teaches important lessons for today's debate. The United Cerebral Palsy Association gets 80 percent of its funding from the federal government. Sixty-five percent of the budget of Catholic Charities is appropriated in Congress. Not surprisingly, these groups lobby for the status quo, spend money more wastefully than if they raised it themselves, and are buffeted by the winds of political pressure.

Kimberly Dennis, executive director of the Philanthropy Roundtable, makes this point when she says, "Government support changes charities' incentives, giving them reasons to keep caseloads up instead of getting them down by turning people's lives around. It distorts their missions. It turns lean, cost-effective organizations into bloated bureaucracies and dilutes their spiritual or religious message." Those charities that become dependent upon government, says Dennis, "no longer represent a way out of welfare." (See "Why Charities Can't Replace Government," *USA Today*, March 5, 1996.)

Two cases from Detroit dramatize the

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danger of dependence upon government funding. One involves the work of Cass Community United Methodist Church and the other involves the nation's best known charity, the Salvation Army.

Cass Community serves one of the most blighted neighborhoods in the country, full of drug addicts, prostitutes, thieves, and homeless drifters. The church runs emergency food and clothing distribution programs, a senior center, a homeless shelter, a medical clinic, and programs for the disabled. But because it receives a large amount of funding from government agencies, it spends a tidy sum on bureaucratic functions.

For instance, the church is compelled to keep the public money in 14 separate checkbooks. Each program that receives public funds has a different reporting schedule with a myriad of forms to fill out. "We are subjected to a total of 40 audits each year," says the frustrated pastor.

For its noble efforts to house the homeless, the Salvation Army recently was rewarded with a new gaggle of guidelines from the Detroit city council. The council felt it had the authority in part because the Army is collecting $10 per shelter resident per day from the taxpayers of Michigan. Among other things, the city now requires that

- all staffers at the shelters be trained in resident complaint and grievance procedures and the special needs of the homeless;
- ages of the homeless must be ascertained, with special requirements for minors, including the requirement that homeless shelter staff ensure that all school-age minor residents are enrolled in, and have the opportunity to attend school. Operators of homeless shelters must also "make every effort" to provide minor residents with recreational activities.
- all meal menus must be approved by a dietitian registered with the American Dietetic Association.

For any violation of these rules, the ordinance prescribes fines of up to $500 and up to 90 days in jail. According to the Army's Len Krugel, some shelters in the city have already closed because they couldn't afford the added expense, which means that some homeless people are now spending nights in abandoned and unheated buildings instead of on warm beds. "All these requirements cost money, and our budget is $10 a day per person," says Krugel. The lesson here? You take the money, you take your chances.

Under founder William Booth in the last century, and for most of this century as well, the Salvation Army was concerned with giving aid solely to present a spiritual message to the urban poor. Its funding was entirely private. Can the organization's founding purpose and core mission continue untainted as public funds are, figuratively speaking, tossed into those red kettles?

Kimberly Dennis reports that nationally 15 percent of the Salvation Army's revenues now come from government sources. Should it be a surprise, then, that in those areas where the Army uses public funds, it no longer requires church attendance as a condition of its assistance? For many of those the programs are supposed to help, this means *mission compromised, not accomplished.*

True welfare reform would make wards of the state of neither individuals nor charitable organizations. In the drive to rid society of destructive government programs, let us not be blind to the painful lessons that dependence upon government has already taught us. □

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THE FREEMAN
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A Speculator Talks About Free Markets

by Victor Niederhoffer

French Finance Minister Michel Sapin recalled that during the French Revolution, speculators were beheaded. He spoke approvingly, since he blamed his government's recent financial troubles on speculators.

He was talking about me, among others, although like most politicians he didn't seem to know what speculators actually do. Specializing in stocks, bonds, and currencies, I help balance supply and demand by selling when prices are too high and buying when prices are too low. I help users and suppliers of goods discover the right price, given all the relevant factors present, past, and future that are likely to affect it. The price provides a key signal telling market participants how urgently a product is desired, how scarce it is, which resources should be dedicated to its production.

I don't offer these vital services out of benevolence. I speculate because markets enable me to enjoy the dignity of productive achievement within a venue of respectability, compared with a casino or racetrack.

Many people used to think free markets led to monopolies which could only be curbed with antitrust laws, but the truth is that free markets humble the mightiest among us. History is littered with great names who tried and failed to dominate markets.

Look what happened to Metallgesellschaft (MG), a pillar of corporate Germany. It was a conglomerate which had over 250 metallurgical, mining, trading, and engineering firms. It employed around 65,000 workers. It was the 14th largest firm in Germany, among the 30 prestigious blue-chip stocks on the DAX, Germany's equivalent of the Dow Jones Industrials.

In 1991, MG's New York oil-trading operation implemented a strategy developed by theoreticians at the financially astute House of Rothschild. The strategy, which was supposed to make $10 million a month, involved covering long-term commitments for delivering oil with supposedly cheaper short-term futures contracts. The contracts represented about 150 million barrels of crude oil—$2.8 billion worth—purchased primarily on the New York Mercantile Exchange. Nobody seemed particularly worried about the risk that the price MG would pay for short-term futures contracts might rise above the price MG would receive from making long-term deliveries.

Well, MG didn't trade in a vacuum. Other market participants adapted their trading to MG's practice of routinely rolling over all those short-term futures contracts, and

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short-term prices rose above the price of the company's long-term commitments. It lost money on every delivery. Instead of making $10 million a month as predicted by the theoretical model, MG wound up losing a reported $50 million a month. In 1993, these losses hit $1.3 billion, and 120 banks had to work out a $1.95 billion rescue package. Top executives were fired. The company started selling businesses as fast as it could to raise cash, and thousands of people around the world lost their jobs.

Big Central Banks, Bigger Free Markets

Central banks are the biggest players in world financial markets, and they certainly have an impact while they're trading, but they can't trade all the time. As soon as they finish a transaction, underlying market trends tend to continue.

Again and again, central banks lose tremendous sums trying to buck free markets. Look what happened at Bank Negara, the Central Bank of Malaysia. They had a huge trading facility with direct phone lines to at least 30 major currency dealers around the world. Reportedly Negara traders, acting with military precision, called dealers simultaneously and hit each with perhaps a $20 million trade. Negara injected something like $1 billion into the market by the time they were through. News of what they were doing went out over the financial news wires.

Big though Negara was, free markets were bigger. The bank lost $4 billion in 1992, mainly by betting that the British pound would rise. They lost another $5 billion in 1993, first by betting that the Japanese yen would go down (it went up), and then by betting it would go up (it went down).

Markets are efficient. They respond to news incredibly fast. For example, on Wednesday, January 9, 1991, I had a long position in Treasury bond and Standard & Poors 500 futures contracts, a short position in crude oil futures. Each position was up 50 percent on my margin. Secretary of State James Baker had scheduled a meeting with Iraqi foreign minister Tariq Aziz. The meeting had already lasted eight hours. I figured they must be finalizing an agreement. After all, considerable progress had already been made on the terms of Iraq's withdrawal from Kuwait. Surely neither party would want a showdown.

At 2:30 P.M., Secretary of State Baker called a press conference. "Regrettably," he began—and that one word set off a stampede of reporters for the telephones. No settlement had been reached. Within two minutes, stocks plummeted 80 points, bonds were down 1½ points, and oil was up $3.00 a barrel. That one word from Baker was good for a $3 million swing in my equity.

Ahead of the News

Frequently, markets signal something important is happening well before reporters get the story. For instance, on Thursday, February 10, 1983, I established a short position in gold because it tended to decline about $3.00 per ounce between Fridays and Mondays.

Suddenly, around 1:00 P.M. on Friday, gold jumped $5.00 per ounce. No one could explain what was going on. Then a day and a half later, around 4:00 A.M. Sunday, came news that U.S. Navy fighters had shot down a Libyan jet over the Mediterranean. This caused tremendous tension, always good for higher gold prices.

Apparently, the Pentagon had put out the word that an incident should be provoked to show the Mideast powers who was boss. Knowing that U.S. planes had been flying near Libya for several weeks, Mediterranean traders bought gold, and this led to higher prices, alerting people around the world. The U.S. gold market, in its wisdom, had anticipated the move.

Or take this example from Japan: on October 11, 1993, Columbus Day, financial markets were quiet. Most banks were closed. I was long on the dollar. About noon, the dollar rose from 110.25 yen to 100.45 yen. I sold the dollar at 100.45, and 15 minutes later it fell to 100.15 yen. I bought it back for a 20-pip profit.

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"IN THE PITS," AN ORIGINAL OIL BY HARRY PINCUS, NEW YORK

What happened? At 11:55 P.M., news came over the wires that an earthquake registering 7.2 on the Richter scale had hit Tokyo. The potential damage to the Japanese economy was enormous, causing a run-up in the dollar. But it turned out that the earthquake had actually struck offshore, with no significant damage to Japan. The dollar went right back down. Then there was reassuring news that the earthquake wouldn't be followed by *tsunami* (tidal wave). This time I was golden.

Market action reflects not just facts affecting supply and demand but sheer dumb luck, which is part of life, too. For instance, one summer day in 1992, I had a short bond position that I intended to buy back at the close. But there was a freak accident. Workmen sinking pilings on the floor of the Chicago River caused a crack in the containing wall where the river flowed through the Loop. Billions of gallons of water flooded the surrounding financial district. Probably for the first time in history, the Chicago Board of Trade was closed at 11:00 A.M. rather than at 2:00 P.M. By the time I could get out, the bonds rallied 1½ points, and I had a loss.

The Fascination of Markets

On another occasion, I established a long copper position at 76 cents a pound. In those days, the Chicago Mercantile Exchange closed copper futures trading at 1:55 P.M. I thought I had a winner at 1:50 P.M., as the price stood at 76.60. But then an exchange clerk entered the wrong price into their system, 7066, rather than 7660. This erroneous price set off sell stops at 71 cents and below from all the trend followers, whose computers were activated by on-line price feeds. Copper closed at 68 cents. In just two minutes, I lost 200 percent on my margin, all because of a clerical error.

I have been fascinated with markets for more than 30 years. They are global phenomena which evolve spontaneously, beyond the control of any individual or institution. They reflect the choices of all participants, and not even government central bankers have an inside track on which way prices will go for very long. There's always conflicting information about market trends. And markets are so competitive that they require all the discipline, persistence, and stamina you've got. □

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THE FREEMAN
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A Roundup:

The Punitive Welfare State

by Anna Sokolin

Laws are typically passed with the promise that they will make life better. Whether or not they succeed, they hit those who disobey with fines, imprisonment, or other penalties.

Few penalties are for actions like murder or fraud which everyone agrees are criminal—because only an estimated one percent of laws deal with these fundamental issues. The great majority of penalties apply to actions most people would probably say aren't crimes.

The welfare state has expanded in the name of compassion, but it multiplied the number of actions for which people can be punished. A substantial number of people have endured heavy fines or are in prison today, though they harmed no one. The following examples of penalties suggest the harsh, hidden face of the welfare state:

- Up to five years in prison for altering, defacing, or mutilating a coin minted at the U.S. Mint. (18 United States Code, section 331)
- Up to ten years in prison for importing a book or article that a U.S. court considers obscene. (18 United States Code, section 552)
- Up to six months in prison for commercial use of the characters "Smokey the Bear" or "Woodsy Owl" without authorization by the Secretary of Agriculture. (18 United States Code, sections 711, 711A)
- Up to $10,000 per day if the owner of a New York City building with over nine units fails to maintain an adequate designated area or receptacle for recycling. (New York City Administrative Code, section 16-324)
- Up to $500 or 30 days in prison or both for selling shoes on Sunday in North Dakota. (North Dakota Cent. Code 12.1-32-01)
- Up to three years in prison for possessing a lobster caught by any method other than a conventional trap. (Maine Revised Statutes Annotated, title 123, section 6431)
- Up to $5,000 for failure to post a permit authorizing the use of a building air-conditioning and ventilating system. (New York City Administrative Code, section 27-194)
- Up to one year in prison for littering on government rangeland. (43 Code of Federal Regulations, section 4170.2-2)
- Up to two years in prison for bringing lottery tickets into the United States with the aim of selling them. (18 United States Code, section 1301)
- Up to $5,000 for failure to identify an elevator bank with a letter of the alphabet. Example: "N" for "North Wing." (New York City Administrative Code, section 27-393)
- Up to $1,000 or one year in prison or both for transporting dentures made by someone without a dentistry license. (18 United States Code, section 1821)
- Up to six months in prison for hunting, trapping, capturing, or willfully disturbing any bird, fish, or wild animal in a wildlife refuge. (18 United States Code, section 41)
- Up to $1,000 or 30 days in prison or both for possessing feathers of a rare bird. (Okla-

Ms. Sokolin is a student at Georgetown University Law School.

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homa Statutes Annotated, title. 29, section 7–504)

- Up to $2,500 or six months in prison or both for selling by telephone without registering with the Attorney General. (California Code Annotated, section 17511.8)
- Up to $2,500 for the first time and up to $5,000 for each subsequent time that someone moves any goods for pay without a license. (New Jersey Statutes Annotated, section 45:140)
- Up to $1,000 or up to one year in prison or both for labeling a product as made by blind workers if less than 75 percent of total direct labor was actually performed by blind workers. (California Codes Annotated, section 17522)
- Up to $500 or three months in prison for repairing a radio or television receiver without a license. (Massachusetts General Laws Annotated, chapter 112, section 87VVV)
- Up to $100 or 30 days in prison or both for giving a haircut (even a free haircut) without a license. (Connecticut General Statute Annotated, sections 20-234 and 20-236)
- Up to 60 days in prison for selling liquor between midnight and 7 A.M. (Florida Statutes Annotated, section 562.14)
- Up to $500 for refusing to leave a government school after insulting a government school teacher, bus driver, or school bureaucrat in the presence of minor children. (Georgia Code Annotated, section 20-2-1182)
- Up to $1,000 fine or one year in prison or both for bringing honeybee semen into the United States. (7 United States Code, section 281)

As these examples suggest, there isn't really much compassion in the welfare state. □

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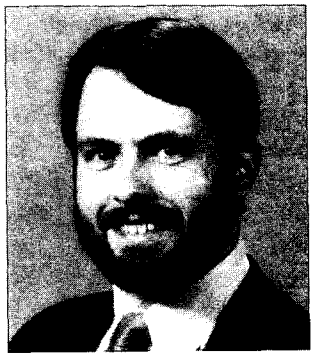

Sports Welfare

When America was founded there was much debate over the proper role of government. Today that debate continues every time someone proposes a new program.

Proposals to subsidize business emanate not only from Washington, D.C., but also its nearby environs. For instance, Maryland Governor Parris Glendening wants to spend nearly $300 million (construction and other related costs) to construct a football stadium for Art Modell's former Cleveland Browns. Modell's team—to be named later—would not only get free use of the stadium. It would also earn an estimated $32 million annually from concessions, tickets, parking, and a split in revenues from concerts and other stadium events.

There's nothing new about sports moguls supping at the public trough. The District, Maryland, and Virginia have all offered Jack Kent Cooke a variety of deals to keep or move the Washington Redskins. Now he plans on building his own stadium in Maryland, though the state is supposed to kick in $73 million for local "improvements."

And team owners in cities across the country have routinely received generous payoffs from the taxpayers. For instance, Cleveland offered to spend $154 million to renovate Cleveland Stadium for the Browns, before Modell received a better deal from Baltimore. Cincinnati plans to build two facilities, one for the Bengals and one for the Reds, costing some $540 million. Wisconsin recently chipped in for a new stadium for the Milwaukee Brewers. Washington state did the same for the Seattle Mariners, even after local voters rejected a tax hike to subsidize the team. The Chicago Bears recently rejected an offer of a $475 million facility because the team would have had to cover about one-third of the cost.

But the fact that sports subsidies are ubiquitous does not make them a proper function of government. Of course, stadium proponents argue that new facilities increase economic activity and government revenues. Jack Kent Cooke organized a rally backing his project; one participant lauded the "potential $250 million investment in our neighborhood." Governor Glendening has similarly optimistic projections for his proposed stadium in Baltimore: $110.6 million in new economic activity and $9.3 million more in annual tax revenue.

Alas, these sorts of estimates typically assume that all of the spending on a new sports team will be new. But even the nicest stadium cannot create dollars out of nothing. People who go to games are likely to divert their expenditures from other forms of entertainment: restaurants, movies, and other sporting events. "The money they are counting on being spent at the stadium, much of it is already being spent on other forms of recreation in the area," explains

Doug Bandow is a senior fellow at the Cato Institute and a nationally syndicated columnist. He is the author and editor of several books, including The Politics of Envy: Statism as Theology *(Transaction).*

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Indiana University Professor Mark Rosentraub.

Another argument is that stadiums bring prestige to a city, and hence new business. Contends the Glendening administration, "more corporate headquarters will be attracted to Baltimore." Yet most companies are more likely to worry about the tax burden—which would be adversely affected by the stadium project—than the presence of a football team. Connie Kone, a member of the City Council of St. Petersburg, Florida, warns that "The tax increases we had to pass to support [the Suncoast Dome] actually drove some residents and businesses out of the city."

In fact, in 1987 Robert Baade of Illinois' Lake Forest College surveyed nine cities that renovated an old or built a new stadium. In seven of those cases the city's share of regional income actually fell. Two years later Dean Baim of Pepperdine reviewed the experience of 14 stadiums and found that only one—*private* Dodger Stadium—generated net income. His sobering assessment: "massive capital costs of modern facilities make it very unlikely that modern stadiums will earn enough to cover debt service expenditures regularly enough to earn a profit." Baade then studied the experience of 48 cities between 1958 and 1987. His conclusion: "Professional sports teams generally have no significant impact on a metropolitan economy." Participants at a 1995 conference organized by the Federal Reserve Bank of Atlanta also generally concluded that stadium construction rearranged existing leisure revenues rather than created new wealth.

Even the Maryland legislature's Department of Fiscal Services warns that Governor Glendening greatly overstated the likely economic impact of his project. Most of the jobs that would result from construction of a new stadium "either are temporary or seasonal, low-wage employment," concluded the Department, which further warned that the state might not collect enough in taxes to cover debt service payments. The loss over 30 years could run as much as $75 million.

About the only argument left is essentially municipal ego. Moon Landrieu, formerly mayor of New Orleans, admitted: "The Superdome is an exercise in optimism, a statement of faith. It is the very building of it that is important, not how much of it is used or its economics." Such sentiments would be unobjectionable if the money spent to build the facility was his own. But it was not.

Which means that, in the end, government-funded stadiums in the Washington area and around the country are little more than corporate welfare. Yet so common have become these sorts of deals that businessmen think public subsidies are their due. For instance, when the Maryland legislature first suggested that Modell chip in a modest $24 million, less than a tenth of the state's estimated cost, he pled poverty. Modell did, however, offer to help pay for the governor's PR campaign on behalf of the stadium.

A Simple Alternative

The obvious alternative, obvious at least to people outside of government, is simple. Save the taxpayers' money and tell team owners to raise the financing themselves. That is hardly an insurmountable obstacle; Jack Kent Cooke is committed to spending $160 million or so on a new stadium for the Redskins. Jerry Richardson financed a $164 million stadium for the Carolina Panthers. William Davidson, owner of the Detroit Pistons basketball team, paid for the $70 million Palace project. And Miami Dolphins owner Joe Robbie built a $100 million facility after local voters told him no to public aid. Roughly one-third of existing stadiums have been privately financed.

In fact, this option is usually supported by the people who are otherwise stuck with the tax bill. Polls demonstrate that the vast majority of Maryland residents oppose government construction of a new football stadium. Ten years ago Cleveland voters said no to a similar measure; so did the electorate in Oklahoma City. Miami residents thrice rejected proposals to renovate the Orange Bowl. Initiatives for state-financed stadiums in San Francisco and nearby Santa Clara

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County for the San Francisco Giants failed. Allegheny County, Pennsylvania, voters ousted two county commissioners in a revolt against plans for a $200 million stadium for the Pittsburgh Pirates. Washington's King County voters said no to the Seattle Mariners; explained one skeptical citizen, "There are too many private investors' hands in public pockets."

But popular opposition only seems to make sports boosters work harder. It's not enough to spend $300 million of the taxpayers' money on a stadium. In the case of Maryland, the governor spent millions more in an attempt to win legislative approval.

At a time of tight public budgets, a serious debate over the role of government is long overdue. Although entertaining the masses might have been an accepted role for government in ancient Rome, surely Americans today are capable of amusing themselves without government subsidies for the modern equivalent of gladiatorial games. □

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Most Outrageous Government Waste

by Thomas A. Schatz

Since my job is to be a watchdog on government waste, I'm often asked about the most outrageous cases.

That's a tough call because government bureaucrats never take care of your money as carefully as you would take care of it yourself. More important, bureaucrats spend money on what government wants, not what you want—which is the whole point of taxing away your money.

Without authorization, for instance, the feds spent $19.6 million annually on the International Fund for Ireland. Sounds like a noble cause, but the money went for projects like pony-trekking centers and golf videos.

Congressional budget-cutters spared the $440,000 spent annually to have attendants push buttons on the fully automated Capitol Hill elevators used by Representatives and Senators.

Last year, the National Endowment for the Humanities spent $4.2 million to conduct a nebulous "National Conversation on Pluralism and Identity." Obviously, talk radio wasn't considered good enough.

The Pentagon and Central Intelligence Agency channeled some $11 million to psychics who might provide special insights about various foreign threats. This was the disappointing "Stargate" program.

The Department of Education spent $34 million supposedly helping Americans become better shoppers and homemakers. Wasn't it about time?

The federal government proposed spending $14 million for a new Army Museum, although there already were 47 Army Museums around the country. We helped stop that idea.

Dubious government spending schemes abound since bureaucrats play with other people's money. For example, the National Institutes of Mental Health (NIMH) spent $70,029 to see if the degu, a diurnal South American rodent, can help us better understand jet lag . . . they spent $77,826 to study "Coping with Change in Czechoslovakia" . . . $100,271 to see if volunteering is good for older people . . . $124,910 to reduce "School Phobia" in children . . . $161,913 to study "Israeli reactions to SCUD Attacks during the Gulf War" . . . and $187,042 to study the quality of life in Hawaii.

Over the years, political wrangling twists the most noble-sounding government programs beyond recognition. For example, the Social Security Administration's $25 billion a year Supplemental Security Income (SSI) program. Almost 250,000 children qualify for SSI checks because they can't participate in "age appropriate activities." Worse, thousands of prisoners get SSI checks relating to their alleged disabilities—costing taxpayers about $20 million a year.

Mr. Schatz is president of Citizens Against Government Waste.

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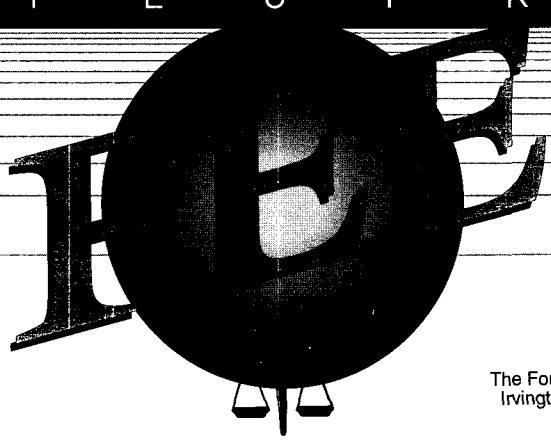

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June 1996

Inscrutable Freedom

In every age and in every country, there are two kinds of people — the lovers of freedom and the devotees of power. The former like to pursue their own good in their own way without infringing on the equal freedom of others. The devotees of power love to exercise control over others, and especially to command over the body politic. Both kinds wax eloquent about freedom which, to them, has very different meanings and connotations.

The lovers of individual freedom carefully delineate the scope of personal autonomy and absence of institutional restraint. They are concerned about their religious, political, and economic freedoms. Their most fundamental freedom of all is the personal freedom to move about, to come and go as they please without restraint. Most Americans are accustomed to this basic freedom; to them, it is a great writ of liberty, anchored in the Constitution: "The Privilege of Habeas Corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it" (Article 1, Section 9).

Religious freedom, that is, the freedom to believe in a divine power as the creator and ruler of the universe and the right to worship with people of one's own choosing, was nonexistent during the Middle Ages. Before the great powers of Europe were willing to grant it, they waged numerous bloody wars — eight in France alone (1562–1598) and the bloodiest of all European wars, the Thirty Years War (1618–1648). Exhausted, ravished, and depopulated, the countries gradually learned to tolerate their religious differences. In the United States, the First Amendment to the Constitution expressly affirms the freedom of religion: "Congress shall make no law respecting an establishment of religion, or prohibit the free exercise thereof." Yet, in recent years, in the name of separation of church and state, American courts have sought to purge religion from all aspects of public life. And public education seeks to replace religion with "statism" which elevates government to the center of human concerns and makes it the source of economic care and bounty.

Political freedom, that is, the right to vote and hold public office for all members of society was virtually unknown before the nineteenth century. The Fifteenth Amendment to the Constitution guaranteed "political freedom to all citizens regardless of race, color, or previous condition of servitude." The Nineteenth Amendment extended the right to vote to all citizens regardless of gender. Despite these Constitutional assurances many Americans were denied basic political rights until the Civil Rights legislation of the 1960s and 70s.

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Economic freedom, which is the individual right to pursue one's own economic goals and objectives as long as no harm comes to others, is severely limited in most parts of the world. It is always ringed about by envy and covetousness which invite breaches of the peace and denial of economic freedom by people in power. Economic freedom is an easy prey to political force. It is the first thing that is lost when tyranny advances.

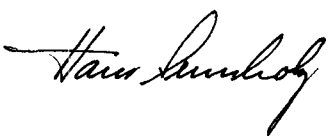
When the **devotees of power** speak of freedom they usually mean the freedom of the body politic, especially of its leaders holding the reins of government. Their concept of freedom is holistic and collectivistic. Hitler used to discourse about the freedom of the German people, Stalin about the freedom of the Soviet society, and Castro about the freedom of Cuba from imperialistic U.S.A. All forms of tyranny build on some collectivistic notion of freedom.

The concept of freedom most popular in the United States connotes the *freedom from want and poverty*, from poor housing, ill health, and poor education. It is an income concept based on entitlement and redistribution of income and wealth by government force. President Franklin D. Roosevelt elevated the "freedom from want" to a basic right of all Americans. Every president thereafter added a particular want to his freedom program. President Truman fought for higher minimum wages, increased Social Security benefits, and more aid for housing. President Eisenhower confirmed the entitlement programs begun by his Democratic predecessors. President Kennedy launched the New Frontier of federal aid to education, medical care for the aged under Social Security, and aid to depressed areas. President Johnson declared "war on poverty." President Nixon imposed wage and price controls in order to alleviate poverty; Presidents Ford and Carter continued the Nixon controls. President Reagan consented to "catastrophic care" to Medicare and President Bush added a "kinder face" to the entitlement system. President Clinton is now laboring to extend and reorganize the healthcare system.

All these "freedoms" rest on the power of democratic majorities to exact income and wealth from the productive members of society. After all, government is no *deus ex machina*, no *manna ex politia*. Whether it is freedom from poor housing, inferior education, or pitiful healthcare, every political demand for improvement is a call for seizure of property from hapless taxpayers. Every entitlement is a legal right to lay hands on someone else's income, every new call for more benefits a call for more appropriations.

In a speech to the Virginia Convention, James Madison, the fourth president of the United States, wisely observed: "I believe there are more instances of the abridgment of the freedom of the people by gradual and silent encroachments of those in power than by violent and sudden usurpation." Having observed the gradual and silent encroachments in recent years, we may understand how they manage to proceed so successfully. No matter what we may think of public opinion, it carries all before it. The men in power who may have no opinion of their own appeal to it, proclaim it, and run with it. If public opinion longs for entitlements, they flatter the people and demand as a means for the procurement of the benefits a gradual surrender of their freedoms. Many people gladly submit; few withstand the temptations. If they resist, they are crushed.

The evils of tyranny are seen and felt only by those who resist it.



Hans F. Sennholz

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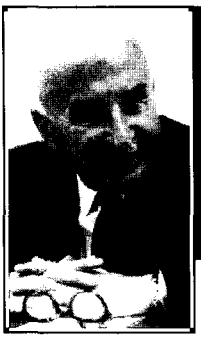

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That's not all. In Denver, the government reportedly sent $160,000 to recipients at their "official address"—a tavern. A San Francisco addict used his SSI check to buy drugs, which he subsequently sold on the street for a profit. A Van Nuys, California, alcoholic received a $26,000 SSI check, then spent the money on a van and two cars which he subsequently wrecked while driving drunk. Los Angeles SSI recipients reportedly faked mental illness and had a doctor concoct false medical records, so they could pocket $45,000 worth of checks. An estimated 79,000 alcoholics and drug addicts are believed to spend SSI checks—some $360 million annually—on their habits.

Again and again, programs aimed at the poor are captured by well-heeled interest groups. For example, the Commerce Department's U.S. Travel and Tourism Administration (USTTA) gave away $440,000 in so-called "disaster relief" to Western ski resort operators when there wasn't much snow.

The Economic Development Administration spent "anti-poverty" funds to help build a $1.2 million football stadium in spiffy Spartanburg, South Carolina. During the summer, it will serve as a practice facility for the National Football League Carolina Panthers, and the rest of the year it will be used by Wofford College, which has a $50 million endowment.

Look at one of the most enduring legacies of Lyndon Johnson's "War on Poverty": the Appalachian Regional Commission. It was billed as help for an impoverished region. During the past three decades, this bureaucracy you've probably never heard of has spent $6.2 billion, yet the region remains impoverished.

Where did the money go? Two-thirds was spent building 26 highways connecting well-to-do urban centers. The money went to construction workers whose wages are definitely above-average. Despite revolutionary talk in Washington, the Appalachian Regional Commission goes on and on.

Or take the plight of the family farmer. I know you've been regaled about wasteful spending on agricultural subsidies, so I'll just cite a single intriguing example: 1.6 million farm subsidy checks for $1.3 billion, mailed to urban zip codes during the past decade. New York City "farmers" pocketed $7 million during the past decade, Washington, D.C., "farmers" $10 million, Los Angeles "farmers" $10.7 million, Minneapolis "farmers" $48 million, Miami "farmers" $54.5 million, and Phoenix "farmers" $71.5 million. Among those on the take, to the tune of $1.3 million: 47 "farmers" in Beverly Hills, California—one of America's wealthiest cities.

A lot of government spending is justified as necessary for national security. For instance, maritime subsidies supposedly help maintain a fleet for an emergency. Laws require government agencies to use U.S.-flag vessels which are U.S.-built, U.S.-owned, and U.S.-crewed, costing two to four times the world market price of comparable vessels available elsewhere. When the U.S. Department of Agriculture and Agency for International Development give away surplus grain, they must use U.S.-flag vessels for at least 75 percent of shipments, adding $233 million to the taxpayer burden. The U.S.-flag requirement adds $1.75 billion to the defense budget. Subsidy per maritime job: over $100,000.

The defense budget is larded with waste not because it's run by bad guys but because it's big, and bureaucrats are, as always, spending other people's money. The Pentagon has an "operational support airlift" consisting of some 500 airplanes and 100 helicopters for flying military brass and civilian bureaucrats on 1,800 trips a month—costing taxpayers $380 million a year. Many of the destinations are served by commercial airlines.

Last year, the Pentagon announced it would spend $5.1 million to build a new 18-hole golf course at Andrews Air Force Base in suburban Maryland, which already has two. *Golf Digest* reported there are 19 military golf courses around Washington, D.C. Why a new golf course? One Pentagon official was quoted as saying "a lot of golf gets played out there. On Saturday mornings, people are standing on top of each other."

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Can It Continue?

How can such outrageous waste go on year after year? Simple: bureaucrats aren't doling out their money, so they have little incentive to be responsible. Politically connected special interests, who are usually better off than the average taxpayer, seem to get most of the loot.

The most powerful special interest is government itself. In fiscal year 1993, the federal government owned 569,556 vehicles—one for every six full-time employees. Included were 117 limousines. The government's fleet expanded more than 130,000 vehicles since the Grace Commission called for it to be cut in half more than a decade ago.

Government officials multiply the number of regulations regardless of the waste they cause. For example, the Defense Department has 1,357 pages of regulations about how officials travel. Complying with these regulations adds about 30 percent to travel costs. If the Pentagon adopted the best practices of private companies, it could save an estimated $650 million to $840 million every year. Of course, government regulations cause enormous waste in the private sector—tax compliance costs alone run into the billions—but that's a vast subject unto itself.

The federal government wastes money through grants to the most politically powerful environmental lobbyists. For example, between 1990 and 1994, the Natural Resources Defense Council got $246,622; Defenders of Wildlife, $1,285,658; Environmental Defense Fund, $1,493,976; and the World Wildlife Fund, $26,584,335. All together, environmental lobbyists collected $156,644,352 during this period. Every one pushes the federal government to enact more regulations.

Whenever you hear a politician propose that government take over some private business, like New York's troubled Long Island Lighting Company, there should be red flags all over the place, because government operation means high costs. At the U.S. Government Printing Office, for instance, costs are estimated to be 50 percent higher than in the private printing industry. If the U.S. air traffic control system were transferred to private companies and the services paid by user fees, taxpayer savings would probably be around $18 billion over the next five years.

With a $1.5 trillion annual budget, the feds take so much of your money that they can't possibly keep track of it even if they wanted to. For example, a contractor sold $27 electronic relays to the government's Strategic Petroleum Reserve for between $484 and $521 apiece. The Department of Energy paid some of its employees $5,000 a year to lose weight—the outlays totaled $10 million a year. The owner of a California apartment building got Department of Housing and Urban Development subsidies, then illicitly diverted $610,000 into his own accounts. One "farmer" collected $1.6 million in government insurance payments for nonexistent crops. Forty-three people in New York City pocketed over $40 million in phony food stamp claims. Five Floridians stole $20 million from Medicare—part of the estimated $17 billion of annual Medicare fraud.

What to do about such waste? The government is crawling with auditors, and there have been a zillion investigations, yet waste goes on. Citizens Against Government Waste will continue to be a watchdog. The only long-term solution, though, is to somehow cut big government down to size. Only when it's much smaller will you be able to keep more of your hard-earned money, which, after all, is yours. □

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THE FREEMAN
IDEAS ON LIBERTY

Today's Fight for Property Rights

by Nancie G. Marzulla

Bob and Mary McMackin bought property in Pennsylvania's Pocono mountains and obtained all the necessary permits to build a retirement home. But four years after they moved in, the U.S. Army Corps of Engineers decreed that their property was a "wetland"—even though it was dry.

Result: they were ordered to destroy all landscaping outside a five-foot perimeter of their home and driveway and restore the land to the way it was before construction. Moreover, they were ordered to buy twice as much property as they had to provide land off-site for a new "wetland." In this case, there was a happy ending. Defenders of Property Rights, representing the McMackins, helped reach a settlement which rescinded the orders. The Corps issued new guidelines allowing small parcels to be exempted from "wetlands" regulations.

Others haven't been so lucky. Again and again, civil liberties are violated despite the Fifth Amendment to our Constitution, requiring that when government takes property for public use, it must pay the owners just compensation. While courts have long enforced just compensation when government takes title to private property through eminent domain, such as for building a road—courts generally fail to protect individuals who retain title but lose some or all the value because of government regulations which supposedly benefit the public. These are the so-called regulatory takings.

Hardest hit are small property owners who usually cannot afford the time or money to mount a proper defense of their rights. In some cases, property owners surrender their rights rather than incur legal expenses. In other cases, small property owners fight the government without an attorney, risking ruinous fines and the possibility of imprisonment for acts they believed were perfectly lawful because they didn't harm anyone.

Litigation to defend property rights can drag on for a decade, wiping out the life savings of ordinary people. Only the rich can easily afford to defend their property rights against government regulators whose legal costs are financed out of the public treasury.

Government officials are not concerned about how their regulations hurt people, because they aren't telling themselves what to do. They are telling other people what to do. Officials do not suffer when their regulations make someone else's property worthless. They still get their pay, perks, and pensions.

The Takings Clause

In 1985, University of Chicago law professor Richard Epstein wrote *Takings*, the book reminding everybody that there's a

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takings clause in the Fifth Amendment. It has been there for more than 200 years, ever since the Bill of Rights was enacted, but as far as government officials were concerned, the takings clause did not exist. The only part of the Fifth Amendment officials seemed to care about was the part saying they couldn't be forced to testify against themselves if they are charged with a crime.

Now finally, large numbers of Americans are discovering that the Constitution provides a basis for defending their property. They want the Fifth Amendment enforced and strengthened. That is what the property rights movement is all about.

At the federal level, these are the principal ideas being discussed:

• Require a private property impact statement. This means determining whether a proposed regulation would involve taking private property for public use. If yes, the government agency involved must either avoid the taking or budget just compensation for property owners. This idea is based on President Ronald Reagan's Executive Order 12630, which requires government to minimize the "takings" potential of proposed regulations.

• Require government to provide just compensation when a regulation has devalued it by more than, say, 20 percent. The specific percentage is referred to as a "trigger point."

• Give owners the option of requiring government to buy property when a regulation has devalued it more than 50 percent.

The point here and everywhere else is to make government more accountable for its actions. When people go shopping, they are aware they must pay for what they take out of a store. If an individual takes something without paying, it's stealing, which in some places is still treated as a crime. Regulators who devalue private property without paying just compensation are just as guilty of stealing, as U.S. Appeals Court Judge Jay Plager ruled in *Hendler v. United States*: "The intruder who enters clothed in the robes of authority in broad daylight commits no less an invasion of these rights than if he sneaks in the night wearing a burglar's mask. In some ways, entry by the authorities is more to be feared, since the citizen's right to defend against intrusion may seem less clear."

While Washington is discussing these ideas, much has already happened at the state level.

On March 16, 1995, Mississippi became the first state to enact a property rights law that compensates owners for the taking of their property. It says just compensation is due when a regulation devalues property 40 percent. Texas enacted an important property rights bill on June 12, 1995. It took effect September 1, 1995. It requires a property rights impact statement, mandates just compensation when a regulation has devalued private property more than 25 percent, and reforms the legal process so that it's easier for property owners to get their claims settled. On May 18, 1995, Florida enacted a property rights bill with no defined trigger point. This could mean just compensation is due whenever a regulation devalues property.

As you can imagine, Big Government opponents of protecting private property rights do everything they can to stop this trend. For example, they mount well-financed scare campaigns against property rights ballot initiatives. They claim that paying just compensation would cost a fortune and wipe out regulations protecting the environment. Such claims alarmed enough people that in Arizona (1994) and Washington (1995), voters rejected property rights initiatives by a margin of three to two.

The Environment

What about the environmental issue? Pollution means there's a public nuisance that a property owner must take care of. Just compensation applies only when a government regulation devalues property that is being reasonably used—not harming anyone.

Polls generally show that while people want a cleaner environment, they also want their freedom protected. They are worried when they hear how government officials

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take people's property without just compensation.

Most people know little about the impact of government regulations and can change their views as they learn more. For example, a recent poll by American Viewpoint found the average citizen is not aware of the extent of some regulations. Take Superfund, the federal program which supposedly cleans up toxic waste: 35 percent of people initially polled thought it was successful while 33 percent didn't, although only 38 percent even claimed to know what Superfund did! Upon learning more about Superfund, 49 percent called it unsuccessful, and just 3 percent advocated no basic changes. Almost a third of those polled totally changed their opinion when they learned more.

Bearing the Cost

As for the cost issue, since when does protecting individual rights depend on costs? Imagine the uproar if government officials ruled that freedom of speech, for example, must be abandoned because it costs too much.

Just consider the hypocrisy in the cost objections. In one breath, environmental extremists object to the alleged cost of protecting property rights, and in the next breath they say hang the costs when it comes to protecting an endangered rat.

The obligation to pay just compensation will probably make government officials think twice before enacting regulations which harm people's property rights. This is happening in Florida. Although the state's new property rights law hasn't been tested in court, it has had an impact on regulators there. For example, in West Palm Beach environmentalists promoted a city growth plan which would establish a five-story limit for new buildings around the waterfront. Instead, officials adopted a 15-story limit which compares with an average height now of 18 stories. West Palm Beach Mayor Nancy Graham remarked: "originally, I was opposed to more than five stories. But I could've done it for free back then . . . [now] you can say that and you can vote that, but you'll have to back it up with your pocketbooks."

Indications are that the property rights movement is in its early stages. It will go much farther as people learn more about what is at stake. This could result in major limits on the runaway welfare state. □

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THE FREEMAN
IDEAS ON LIBERTY

I Was a Victim of Union Violence

by Bill Hinote

They shot me as I opened the door of my pickup truck. They hit me five times. One bullet tore into my left knee. A bullet went into my right hand. A bullet went into my right side and exited next to my navel. Two bullets went into my thigh. I felt like I was being burned with a hot poker, and then I went into shock.

I dragged myself behind the truck, hoping to protect myself from further shooting. I dragged myself into the house so I could call for help. An ambulance took me to Mid-Jefferson Hospital, a few miles away in Nederland, Texas. I didn't see or hear anything.

I didn't have to see them to know they were militants from the local of the Oil, Chemical and Atomic Workers International Union. This was October 2, 1982, amidst a bitter strike at the American Petrofina oil refinery in Port Arthur, Texas, where I helped maintain boiler systems. I had been the first to defy union bosses and exercise my right to work.

About 25 years ago, a small group of men had taken over this local. Like union bosses elsewhere, they exploited the powers of compulsory unionism and forced dues, sanctioned by federal laws. The Wagner Act (1935) in particular made it easy for union bosses to gain control of a workplace and extremely difficult for workers to get rid of the union bosses. They forced workers to join the union against their will. Membership was effectively a condition of employment. Union bosses spent members' dues in ways that would enhance their power, and there wasn't much anyone could do about it.

To flex their muscles they called a strike at the expiration of every two-year contract between 1972 and 1982. I'd say the strikes averaged about a month and a half. One strike lasted about three weeks, another about three months. Consequently, it was hard for anyone there to build up life savings. We saved to get through the next strike.

I was sick and tired of these pointless strikes. I reckon the best way of putting it is that you don't have bad companies or bad unions. What you have are bad leaders. If they would work with each other, things would be great.

But the union bosses were like kids who were never willing to back down for anything. Instead of negotiation, there was confrontation. The union hierarchy was having an ego trip. They enjoyed the power. If I had to quit the union, I was willing to do it.

Well, on January 7, 1982, the Petrofina contract expired again, and union bosses called another strike. The issue supposedly was work rule changes which the company

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wanted. Some 300 workers walked out. Peer pressure to do so was tremendous, as always.

Petrofina supervisors and non-union workers from other refineries kept our refinery going. Soon there was violence as militants shot a company vehicle. They shot a security post with three guards in it. Cars were vandalized. The road going into the refinery was littered with nails.

By 1982, my 18-year-old daughter, Wendy, was in college, so I faced big expenses. I decided that if the strike dragged on, I'd go back to work. Naturally, my wife, Barbara, was anxious, but she agreed I should do what I needed to do.

On September 22nd—I remember it was a Wednesday—I was working again. It was something of a milestone, because in the entire 45-year history of this refinery, no member of the Oil, Chemical and Atomic Workers International Union had gone against the bosses and crossed a picket line.

But the Texas constitution guaranteed one's right to work. On paper anyway, exercising one's right to work wasn't supposed to be a big deal.

Plenty of other Petrofina workers were worried about family finances. The union got many calls from workers anxious for the strike to be resolved soon. Union bosses feared that unless something were done about me, more members might return to work, and their power would collapse.

We got threatening phone calls. A caller warned Barbara: "Tell Bill we're going to get him—and you had better watch your little girl."

At the entrance to the Petrofina plant, union militants hanged a life-sized effigy of me from a tree. There was a sign saying "THIS IS WHAT WE DO TO SCABS."

One evening as we sat in our house, rocks crashed against the outside walls.

Then came the shooting that morning as I was about to head for work.

Threatening calls continued to come. One caller warned Barbara at the Wal-Mart where she worked: "We didn't do such a good job on your husband, but you'll be next!"

Other callers threatened to blow up the store if Barbara weren't fired.

I was still in the hospital when Roy Lynch, chaplain of the local, wrote a letter to the local newspaper saying, "Lots of us wished we would have done it [shot me] because of what he did by crossing." This was the union chaplain sanctioning violence! After the first trial, he told my wife he was sorry from the bottom of his heart.

A Small Minority

I'd guess there were fewer than ten militants in our local. It doesn't take many to intimidate a whole community. A person can be a wife beater or a murderer, and they're one of the boys, as long as they're loyal to the union bosses. The union takes the place of religion for some of them.

I got out of the hospital after about two weeks and returned to work. I limped, but I crossed that picket line. I remember telling Barbara: "I've never run from anyone, and I don't intend to start now."

I must say I didn't expect things would go as far as they did. I figured the militants would try to lump my head. Shooting seemed a bit much. I served in the Korean War, and I never got a scratch.

I knew those guys. I had worked at that refinery since 1958 when I was 26.

My job was to take care of steam, water, and air lines throughout the plant, so I saw all kinds of people. Everyone was nice. I thought I was well-liked. I learned that everything suddenly goes out the window if you defy the union bosses.

I have never been able to look at work the way the union bosses do. If a man hires me and pays me what he says he will, I don't care how much money he has. I work for so many hours, he pays me what he says, that suits me.

Such views are heretical, especially since we lived in a union town. Practically everyone worked at the oil refineries. Union bosses influenced local government, including the police. When there was union violence, militants were seldom ever caught. Witnesses, if any, didn't dare step forward.

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The veneer of law wears pretty thin when people know they can get away with violence.

In my case, there weren't any witnesses. It was about 5:30 in the morning—no cars going by our residential street, no people out walking their dogs. It was dark, and I didn't look up as I walked out of the house.

As far as I knew, the police seemed to be doing their job, but there wasn't anything brought out, because no one was going to talk. Although a crab fisherman found a semiautomatic rifle whose identification number had been rubbed out, police couldn't prove anything. A grand jury called some union militants, but they took the Fifth Amendment, and that was that. Nobody was ever arrested.

If it hadn't been for the National Right to Work Legal Defense Foundation, nothing would have been done. They had plenty of experience fighting union violence. I talked to them about three weeks after I was shot, and their attorney Bob Gore visited me.

He began gathering strong circumstantial evidence for a civil case against the union. For example, the telephone company has records of all local calls placed to a number. These records aren't shown on your bill, but the phone company has them. If you give phone company people your number and the approximate time someone called you, they can find where the call came from. Barbara and I kept a journal of the threatening calls, all traced to known union militants. Some calls were traced to the vice chairman of the union local.

We filed suit against the local and four union bosses. The charge was conspiracy to violate my right to work under Texas law. The trial began in Beaumont, Texas, September 1986. Right-to-work attorneys called witnesses to many acts of violence which had occurred during the Petrofina strike. One of the union bosses was on record as warning members not to be violent in front of television cameras that Petrofina had set up on its property. The attorneys presented evidence about my case. The jury, however—in this heavily unionized area—found the union bosses not guilty.

The attorneys subsequently learned that one of the jurors was the niece of a striker who was a former defendant in the case—and she was less than forthcoming when questioned by attorneys. Another juror confirmed that the union juror had intimidated the rest.

Judge Jack King ruled the case must be tried again, this time in an area less subject to union influence—about 95 miles away in Huntsville. In October 1987, the jury ordered the union to pay us $1.2 million in damages. But a month later, the presiding judge invalidated the jury award.

National Right to Work Legal Defense Foundation attorneys brought the case before the Texas Court of Appeals. In July 1989, judges there decided that union leaders had sanctioned violence and failed to curb the militants. The jury verdict was upheld.

Then the union appealed to the Texas Supreme Court, but it declined to hear the case, which meant the jury decision stood. The union declared bankruptcy.

I'm still feeling the injuries I suffered. I've had my knee operated on three times, and I drag my left leg. I can't squat down or lift very well.

Barbara is a strong person, but this was the first time union violence hit home, and it was bad for her. I didn't realize it affected her as much as it did. She was so worried about me and our daughter. We have learned to live with it.

Incidentally, the strike ended about two months after I was shot. There hasn't been a strike at the Petrofina refinery since—more than a decade of peace and prosperity. Workers can now save for their families instead of always preparing for another strike. □

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THE FREEMAN
IDEAS ON LIBERTY

How Government Destroys Jobs for Poor Women

by Dorothea M. Eiler

California's Director of the State Department of Social Services, Eloise Anderson, created quite a stir when she insisted that welfare mothers would be better off working than collecting from the government. Surely there are very few who totally disagree with her, but the fact is that the government has made it very difficult, almost impossible, for women coming off of welfare to get a job.

Traditionally in Western civilization there have been two ways in which unmarried women, with or without educations, could support themselves. One, of course, was the world's oldest profession, but the respectable one, the one with even a slight hope for a decent future was domestic service, from laundress or cook to nanny. In recent years the government has made the second choice virtually unattainable. In fact, labor regulations have actually eliminated most of the market for casual domestic service.

Until a couple of decades ago, poor women did housework to put food on the tables for their families. Perhaps they didn't approach the job with much enthusiasm, but doing what must be done for themselves and their families must have produced more than a little satisfaction and self-esteem. Domestic workers were often employed by five or six households per week, often at very low wages. But cash wages went directly into workers' pockets, and nobody reported the income to the government. In those days casual domestic labor was exempted from Social Security and other taxes. In effect those workers were probably at least as well off as most are on welfare today.

Of course they didn't have any "benefits," such as Social Security and health insurance. If a domestic worker was injured on the job, the employer often took her to the doctor for care, and though serious illnesses were a tragedy for all concerned, employers, family, and friends usually joined together and did what they could to assuage the difficulties.

Thus many women, who would have been otherwise forced to go on welfare, found a way to care for and support their children. Instead of relying on daycare, they often took care of each other's children. But, then again, babysitters were not licensed, so they could charge very little. Sometimes the babysitter simply picked up a little "pin money" to supplement her husband's salary. Or domestic workers might take their children to work with them, teaching the youngsters the skills of housework and the dignity of earning a living as they were growing up. These children were then available to help in times of health or financial problems.

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This freedom to work without interference from the government kept women off welfare. It also enabled many households of limited affluence, young mothers, and elderly people on fixed incomes to afford someone to help with the non-routine chores, thus making their lives a little easier. There was an extensive market for casual domestic labor.

But now to hire a woman for casual labor in a home the employer must report to the state and federal government any wages paid. Legal identification must be established. Payroll forms must be filled out every quarter, and in many cases checks must be sent for taxes withheld. The elderly couple or the busy young mother, who cannot afford *both* domestic help and accounting help, are often reluctant or even unable to handle the bookkeeping chores involved in the employment hassle. That simply eliminates all but the very affluent from becoming employers at all!

Some employers of domestic labor, those who can afford to pay more, now turn to cleaning services, but those businesses are burdened with workers' compensation insurance, liability insurance, minimum wage laws, health insurance, OSHA regulations (did you housewives know that window washing is considered a hazardous occupation?), and EEOC problems, thus pricing the service out of the market for a large segment of possible employers.

Such rules and regulations also make hiring domestic workers more difficult, thereby further limiting the jobs available in the field. These sophisticated services are no substitute for the word-of-mouth, over-the-back-fence employment agency that used to operate. The informal word-of-mouth system of hiring and firing often made allowances for the good domestic worker who was no longer young or was not very bright or not very fast. Such a worker could be tolerated by many individual employers, but is not suitable for hiring by a cleaning service. I once had a household cleaner who worked for me for years before I found out she was totally illiterate!

The market remains for unskilled, uninsured, and unbenefited help. And there are still countless immigrants who are willing to slip in to work without benefits or government protection. They wouldn't have those advantages in their native lands, and they do not understand the laws and rules they are breaking. They fill the market niche that the government has made impossible for U.S. citizens to fill.

It's all very easy for the politicians to say they will set a limit of five years on welfare recipients. And it's very true that welfare mothers would be better off working for a living. But where are these women going to work? One of the lowest rungs on the wage-earning ladder has been largely removed from the grasp of the women who would reach out for it. In making domestic jobs so difficult to provide, the government has limited poor women's opportunities more than liberation has broadened them. □

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THE FREEMAN
IDEAS ON LIBERTY

Lord Acton—Political Power Corrupts

by Jim Powell

Few recognized the dangers of political power as clearly as Lord Acton. He understood that rulers put their own interests above all and will do just about anything to stay in power. They routinely lie. They smear their competitors. They seize private assets. They destroy property. Sometimes they assassinate people, even mark multitudes for slaughter. In his essays and lectures, Acton defied the collectivist trend of his time to declare that political power was a source of evil, not redemption. He called socialism "the worst enemy freedom has ever had to encounter."

Acton sometimes rose to commanding eloquence when he affirmed that individual liberty is the moral standard by which governments must be judged. He believed "that liberty occupies the final summit . . . it is almost, if not altogether, the sign, and the prize, and the motive in the onward and upward advance of the race. . . . A people adverse to the institution of private property is without the first element of freedom. . . . Liberty is not a means to a higher political end. It is itself the highest political end."

Although Acton increasingly stood alone, he was admired for his extraordinary knowledge of history. He transmitted to the English-speaking world the rigor of studying history as much as possible from original sources, pioneered by nineteenth-century German scholars. His estate at Cannes (France) had more than 3,000 books and manuscripts; his estate at Tegernsee (Bavaria), some 4,000; and Aldenham (Shropshire, England), almost 60,000. He marked thousands of passages he considered important. He was awarded an honorary Doctor of Philosophy from the University of Munich (1873), honorary Doctor of Laws from Cambridge University (1889) and honorary Doctor of Civil Law from Oxford University (1890)—yet he never earned an academic degree in his life, not even a high school diploma.

To be sure, Acton had some big blind spots. Science didn't interest him. Although he expressed concern for the poor, he spurned as materialistic the Manchester Liberals who cared about raising living standards. He knew little about economic history which tells how ordinary people fared. He imbibed the cliché that free markets enabled the rich to get richer while the poor get poorer, when in fact free markets—such as the Industrial Revolution of his time—saved millions from starvation.

What was Acton like? Published photographs generally show him with a long beard. He had piercing blue eyes and a high forehead. "He was of middle height and as

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he grew older he developed a full figure," added biographer David Matthew. "He was renowned as a conversationalist, but his talk was on the German model, full of facts and references . . . he enjoyed walking, traversing the lower slopes of the Bavarian mountains or wandering on the lip of the Alpes Maritimes, where they fall towards the sea."

Acton conveyed tremendous passion. "There was a magnetic quality in the tones of his voice," recalled one student who heard his Cambridge lectures. "Never before had a young man come into the presence of such intensity of conviction as was shown by every word Lord Acton spoke. It took possession of the whole being, and seemed to enfold it in its own burning flame. And the fires below on which it fed were, at least for those present, immeasurable. More than all else, it was perhaps this conviction that gave to Lord Acton's Lectures their amazing force and vivacity. He pronounced each sentence as if he were feeling it, poising it lightly, and uttering it with measured deliberation. His feeling passed to the audience, which sat enthralled."

Family Background

John Emerich Edward Dalberg-Acton was born January 10, 1834, in Naples. His mother Marie Pelline de Dalberg was from a Bavarian Catholic family with roots in the French aristocracy. His father Ferdinand Richard Edward Acton was an English aristocrat. Acton's father died when he was three years old, and by the time he was six his mother had remarried Lord Leveson, later to become the second Earl of Granville, an influential English Whig who served as foreign minister in the Liberal cabinets of John Russell and William Ewart Gladstone.

Acton was mainly educated as a Catholic—Saint Nicholas (France), St. Mary's, Oscott (England), the University of Edinburgh (Scotland), where he studied two years, and the University of Munich (Bavaria), where he went after being refused admission to Cambridge and Oxford because of his Catholicism.

Johann Ignaz von Dollinger, among Europe's most distinguished historians, was Acton's most important teacher. Soon after Acton arrived in Munich in June of 1850, he began his apprenticeship to become a historian. "I breakfast at 8," he wrote his stepfather, "then two hours of German—an hour of Plutarch and an hour of Tacitus. This proportion was recommended by the professor. We dine a little before 2—I see him then for the first time in the day. At 3 my German master comes. From 4 till 7 I am out—I read modern history for an hour—having had an hour's ancient history just before dinner. I have some tea at 8 and study English literature and composition till 10—when the curtain falls."

Acton and Dollinger traveled in Austria, England, Germany, Italy, and Switzerland, visiting libraries and bookstores. They analyzed manuscripts and met with poets, historians, scientists, and statesmen.

Acton's blind spots were apparent from his observations about the United States which he visited with his stepfather in June 1853. Ever the aristocrat, he was turned off by rude manners and by the emphasis on practical things. He missed the colossal energy of American commerce as he wrote off New York—"the city cannot be seen for it is very flat and quite surrounded by shipping."

At the same time, though, this American trip afforded some rare human glimpses into a 19-year-old who had skipped from youth to adulthood. "The ices," he recorded in his diary, "are skillfully made, not too sweet, in order not to excite thirst, and they give you as much as two London ices for less money. . . . In the evening we played at prisoner's base in a field close to the [Niagara] Falls. Here I lost my hat."

When Acton began to study with Dollinger, he had been captivated by Thomas Babington Macaulay, the eloquent Whig historian who championed liberty and human progress. Acton described himself as "a raw English schoolboy, primed to the brim with Whig politics." But Dollinger cured Acton of Macaulay, and the young man became a fan of the Edmund Burke who

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early on opposed the French Revolution. While with Dollinger, Acton attended lectures by the great German historian Leopold von Ranke who stressed that the role of an historian was to explain the past, not to judge it.

An Early Conservatism

Those familiar with Acton's famous blasts against tyranny will be startled at his early conservatism. For instance, unlike Manchester Liberals such as Richard Cobden and John Bright, but along with most Englishmen, Acton sided with the South during the American Civil War. "It is as impossible to sympathize on religious grounds with the categorical prohibition of slavery as, on political grounds, with the opinions of the abolitionists," he wrote in his essay "The Political Causes of the American Revolution" (1861). Five years later, in a lecture about the Civil War, Acton remarked that slavery "has been a mighty instrument not for evil only, but for good in the providential order of the world . . . by awakening the spirit of sacrifice on the one hand, and the spirit of charity on the other." Acton told a friend: "I broke my heart over the surrender of Lee."

In "The Protestant Theory of Persecution" (1862), he refused to condemn persecution across the board. He seemed to defend Catholic rulers who claimed persecution was the only way of keeping society together. He suggested Protestants like John Calvin were worse because they persecuted people just to suppress dissident views. In private, Acton was more outspoken: "To say that persecution is wrong, nakedly, seems to me first of all untrue. . . ."

Yet Dollinger and Acton became outspoken critics of Catholic intolerance. Their contemporary targets were the Ultramontanes who sought to suppress intellectual freedom. Dollinger and Acton took issue with Vatican policy, especially after Pope Pius IX issued his notorious Syllabus of Errors (1864), which condemned alleged heresies of classical liberalism, including the scandalous idea that "The Roman Pontiff can and ought to reconcile himself to, and agree with, progress, liberalism and recent civilization."

Acton contributed to a succession of Catholic journals whose mission was to help liberalize the Church: the bimonthly *Rambler* (1858–1862), quarterly *Home and Foreign Review* (1862–1864), and weekly *Chronicle* (1867–1868). These efforts were defeated in 1870 when the Vatican Council declared that the Pope was an infallible authority on Church dogma. Because Dollinger was a priest, his refusal to submit resulted in excommunication. Acton, a layman, wasn't required to officially acknowledge the Vatican Council decrees, and he remained within the Church.

It was during this period that Acton wrote one of his most prophetic essays, "Nationality" (1862), which offered an early warning about totalitarianism: "Whenever a single definite object is made the supreme end of the State, be it the advantage of a class, the safety or the power of a country, the greatest happiness of the greatest number, or the support of any speculative idea, the State becomes for the time inevitably absolute. Liberty alone demands for its realisation the limitation of the public authority, for liberty is the only object which benefits all alike, and provokes no sincere opposition."

Meanwhile, in 1865, Acton at 31 had married a cousin, Countess Marie Anna Ludomilla Euphrosyne Arco-Valley. She was the 24-year-old daughter of Count Johann Maximilian Arco-Valley. The Count had introduced Dollinger to Acton, so he and the young Countess had known each other ever since he began his studies in Bavaria. She seems to have shared his interests in religion and history. They had six children, four of whom survived into adulthood. At meals, Acton spoke German with his wife, Italian with his mother-in-law, French with his sister-in-law, English with his children, and perhaps another European language with a visitor.

Religion was always on Acton's mind, and he became much more of a hardliner than Dollinger, declaring that historians

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must denounce evil. In February 1879, he split with Dollinger after the professor had retreated to the view that a historian's role was only to explain events, even if this meant remaining silent about terrible crimes. Acton insisted that evil actions, like murder, were always evil. "The papacy contrived murder and massacred on the largest and also on the most cruel and inhuman scale," he wrote, referring to the Inquisition. "They were not only wholesale assassins, but they made the principle of assassination a law of the Christian Church and a condition of salvation."

Acton lamented that "I am absolutely alone in my essential ethical position." He confided to his friend Charlotte Blennerhasset: "Let me try as briefly as possible and without argument to tell you what is in fact a very simple, obvious, and not interesting story. It is the story of a man who started in life believing himself a sincere Catholic and a sincere Liberal; who therefore renounced everything in Catholicism which was not compatible with liberty, and everything in Politics which was not compatible with Catholicity. . . . Therefore I was among those who think less of what is than what ought to be, who sacrifice the real to the ideal, interest to duty, authority to morality."

Acton faced not only intellectual shocks but hard times during the 1870s. Much of his livelihood came from his inherited agricultural land, but farm income plunged amidst the prolonged agricultural depression of this period. He sold a number of properties in 1883. He sublet his Aldenham estate. He sought a respectable salaried position.

Acton and Gladstone

Thanks to his stepfather, Acton had served as a Member of Parliament for a half-dozen years starting in 1859, and there he met Gladstone, who was to become Prime Minister three times. In 1869, three years after Acton lost a bid for re-election, Gladstone named Acton a baron, and he sat in the House of Lords, but during all the years he was in Parliament, he never participated in a debate. He quietly supported Gladstone, whom he viewed as a great moral leader. They shared a passion for discussing history and religion.

In critical reviews, Acton faulted Anglican priest Mandell Creighton, author of *History of the Papacy during the Period of the Reformation*, for not condemning the medieval Papacy—promoter of the Inquisition. But Acton and Creighton had a cordial correspondence which led to Acton's most unforgettable lines, written on April 5, 1887: "I cannot accept your canon that we are to judge Pope and King unlike other men, with a favourable presumption that they did no wrong. If there is any presumption it is the other way against holders of power, increasing as power increases. Historic responsibility has to make up for the want of legal responsibility. Power tends to corrupt and absolute power corrupts absolutely."

Acton, the devout Catholic, shifted his views so far that he reproached his friend Gladstone, who had written an unqualified defense of Christianity against attacks by popular novelists. Acton noted that unbelievers deserved credit for combating "that appalling edifice of intolerance, tyranny, cruelty" which the Christian Church had become.

What to do with his prodigious learning? Acton pursued one book idea after the other, only to drop it. He did research for a history of the Popes, a history of books banned by the Catholic Church, a history of England's King James II and a history of the U.S. Constitution. He contemplated some kind of universal history, the theme of which would be human liberty. This became his dream for a history of liberty.

Author James Bryce recalled, Acton "spoke like a man inspired, seeming as if, from some mountain summit high in the air, he saw beneath him the far winding path of human progress from dim Cimmerian shores of prehistoric shadow into the fuller yet broken and fitful light of the modern time. The eloquence was splendid, but greater than the eloquence was the penetrating vision which discerned through all events and in all ages the play of those moral forces, now creating, now destroying, always trans-

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muting, which had moulded and remoulded institutions, and had given to the human spirit its ceaselessly-changing forms of energy. It was as if the whole landscape of history had been suddenly lit up by a burst of sunlight."

The History of Freedom

Acton covered part of his beloved theme in two lectures, "The History of Freedom in Antiquity" (1877) and "The History of Freedom in Christianity" (1877), as well as his lengthy review of Sir Erskine May's *Democracy in Europe* (1878). He traced liberty's origins to the ancient Hebrew doctrine of a "higher law" which applies to everyone, even rulers. He explained how, uniquely in the West, competing religions created opportunities for individuals to break free. He told how democracy emerged from commercial towns. He talked about the radical doctrine that individuals may rebel when rulers usurp illegitimate power. He chronicled epic struggles against tyrants.

These essays abound with memorable observations. For example: "[Liberty] is the delicate fruit of a mature civilization. . . . In every age its progress has been beset by its natural enemies, by ignorance and superstition, by lust of conquest and by love of ease, by the strong man's craving for power, and the poor man's craving for food. . . . At all times sincere friends of freedom have been rare, and its triumphs have been due to minorities, that have prevailed by associating themselves with auxiliaries whose objects often differed from their own; and this association, which is always dangerous, has been sometimes disastrous. . . . The most certain test by which we judge whether a country is really free is the amount of security enjoyed by minorities. . . ."

Why did liberty become more secure in America than almost anywhere else? "Liberty," wrote Acton to Gladstone's daughter Mary, "depends on the division of power. Democracy tends to the unity of power . . . federalism is the one possible check upon concentration and centralism."

Acton, unfortunately, lacked the single-minded focus for a big project. His voluminous papers don't even include an outline for a history of liberty. He never started it. All he left were some 500 black boxes and notebooks mainly filled with disorganized extracts from various works. Much of the material is about abstract ideas rather than historical events. Later historian E.L. Woodward remarked that Acton's history of liberty was probably "the greatest book that never was written."

In 1895, Cambridge historian John Seeley died, and it was Prime Minister Rosebery's responsibility to name a new Regius Professor of Modern History. Although Acton hadn't taught a class in his life, he was recommended because of his learning, his loyalty to the Liberal cause and his need for a salary. And so Acton, rejected when he tried to enter Cambridge as an undergraduate, got the prestigious appointment.

In his famous inaugural lecture, he insisted that politicians should be judged like ordinary people: "I exhort you never to debase the moral currency or to lower the standard of rectitude, but to try others by the final maxim that governs your own lives, and to suffer no man and no cause to escape the undying penalty which history has the power to inflict on wrong."

"History," he continued, "does teach that right and wrong are real distinctions. Opinions alter, manners change, creeds rise and fall, but the moral law is written on the tablets of eternity."

"The principles of true politics are those of morality enlarged; and I neither now do, nor ever will admit of any other."

During his last years at Cambridge, Acton delivered only two series of lectures—on modern history and on the French Revolution—but colleagues viewed him with awe. Recalled historian George Macaulay Trevelyan:

> His knowledge, his experience and his outlook were European of the Continent, though English Liberalism was an important part of his philosophy. He at once created a deep impression in our somewhat provincial society. Dons of all subjects crowded to his oracular lectures,

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which were sometimes puzzling but always impressive. He had the brow of Plato, and the bearing of a sage who was also a man of the great world. His ideas included many of our own, but were drawn from other sources and from wider experience. What he said was always interesting, but sometimes strange. I remember, for instance, his saying to me that States based on the unity of a single race, like modern Italy and Germany, would prove a danger to liberty; I did not see what he meant at the time, but I do now!

He accepted a Professorial Fellowship at Trinity, and at first lived in his rooms at Nevile's Court. There he was to be found at all hours, accessible to any Cambridge historian from [Frederic] Maitland or [William] Cunningham to the humblest undergraduate, ready to help anyone from the profound stores of his knowledge. He sat at his desk, hidden away behind a labyrinth of tall shelves which he had put up to hold his history books, each volume with slips of paper sticking out from its pages to mark passages of importance.

He was very kind to me. I remember a walk we had together, and the place on the Madingley road where he told me never to believe people when they depreciated my great-uncle [Thomas Babington Macaulay], because for all his faults he was on the whole the greatest of all historians.

Since Acton came to recognize he would never write a history of liberty, he agreed to edit a series of books which would gather contributions from many respected authorities. Thus was born the *Cambridge Modern History*, a mundane series which squandered his last energies.

Acton suffered from high blood pressure, and in April 1901, after having edited the first two volumes, he had a paralytic stroke. He retired to his home in Tegernsee, Bavaria. A little over a year later, June 19, 1902, he died as a priest administered last rites. He was buried in a nearby churchyard.

The Acton Legacy

After Acton's death, his 60,000-volume Aldenham library—his principal collection on liberty—was purchased by American steel entrepreneur Andrew Carnegie and given to John Morley, among the last English classical liberals. Morley, in turn, presented the books to Cambridge, so they would always be kept together.

During the next several years, Cambridge lecturers John Neville Figgis and Reginald Vere Lawrence gathered Acton's most important works, and they appeared as *Lectures on Modern History* (1906), *The History of Freedom and Other Essays* (1907), *Historical Essays and Studies* (1908), and *Lectures on the French Revolution* (1910), followed by *Selections from the Correspondence of the First Lord Acton* (1917).

But he became a forgotten man as "Progressives," New Dealers, socialists, Communists, fascists, Nazis, and other collectivists amassed monstrous political power which sacrificed liberty in the name of doing good. Then came the death toll—nearly 10 million dead from World War I, another 50 million dead from World War II, plus tens of millions people killed by Russia's Stalin and China's Mao, just to name the biggest butchers. Hundreds of millions more are subject to powerful states whose tax collectors take 40 percent, 50 percent, 60 percent and more of their hard-earned money.

Amidst collectivist carnage, some people began to remember Acton's warnings about the evils of political power and his call to cherish human liberty. "It appears that we are privileged to understand him as his contemporaries never did," observed historian Gertrude Himmelfarb. "He is of this age, more than of his. He is one of our great contemporaries." □

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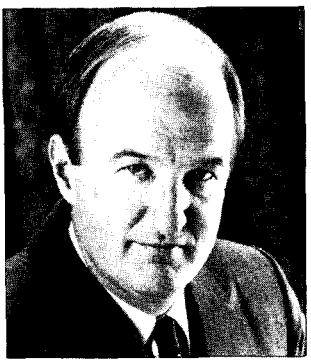

Who Is Henry Spearman?

"So if there is a real model for Spearman, his identity remains a mystery, at least to me."

—Herbert Stein, foreword, *Murder at the Margin*

Over the past several weeks, I took a break from writing and decided to read three murder mystery novels, all authored by Marshall Jevons, a penname for William Breit and Kenneth G. Elzinga, professors of economics at Trinity University in San Antonio and the University of Virginia, respectively.

Elementary Economics, My Dear Watson

What makes these mysteries fascinating is the ingenious way the writers incorporate basic principles of economics to solve the murders. Marginal utility, the law of demand, consumer surplus, opportunity cost, profit maximization, game theory, and Adam Smith's invisible hand all play a part in advancing the stories and ultimately catching the culprits. As Henry Spearman, the detective-hero, says to the local police investigator in *Murder at the Margin*, "Elementary, my dear Vincent. Elementary economics, that is!"

Let me give you an example from each novel, without revealing the entire plot. *In Murder at the Margin* (Princeton University Press, 1978; paperback, 1993), Spearman is able to dismiss Mrs. Forte as a suspect in the killing of her husband because "a woman usually would be financially far better off by divorcing her husband than by killing him." Mrs. Forte's alimony payments over her expected lifetime would far exceed the death benefits from an insurance policy. Clearly, someone else must have killed Mr. Forte.

In the second novel, *Fatal Equilibrium* (MIT Press, 1985; Ballantine Books paperback, 1986), Spearman uncovers a fraud in the research of a fellow Harvard professor. In reviewing the professor's book on prices of various commodities in a remote island, Spearman discovers a statistic that violates the law of utility maximization. The sleuth quickly concludes that his colleague made up the figures . . . and therefore engaged in murder to hide his fictitious research.

In the third novel, *A Deadly Indifference* (Carroll & Graf, 1995), Spearman is led to suspect an individual who purchases an automobile even though another car in better condition is available at the same price. Obviously, Spearman reasons, the suspect values something in the first car to justify the monetary difference. That something leads to the murderer.

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All three Spearman mysteries are available from Laissez Faire Books, (800) 326-0996.

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Defending the Free Market

Another likeable feature is the free-market bias running through the mystery series. Henry Spearman consistently defends economic liberty and attacks socialist thinking. He supports free trade, economic inequality, imperfect competition, and private property rights. The economist takes on collectivists of all shades—anthropologists, sociologists, environmentalists, social democrats, Keynesians, and Marxoids.

Who Is This Free-Market Economist?

Who is Henry Spearman, this remarkable proponent of free markets? Spearman is described as a short, balding, stubborn, frowsy professor, former president of the American Economic Association, and a "child of impecunious Jewish immigrants." Breit and Elzinga admit that they originally had Milton Friedman in mind, except that instead of the University of Chicago, Spearman comes from Harvard. "There is no such thing as a free lunch," Spearman declares in *Murder on the Margin*. (p. 90) And like Friedman, Spearman is old-fashioned, using a pencil and paper, rather than a computer, to solve problems. Yet the focus of the amateur sleuth is decidedly microeconomic in nature, not monetary policy or macro-theorizing.

Austrian economists will be happy to find a great deal of Ludwig von Mises in Henry Spearman as well. (I thank Roger Garrison for this observation.) The detective-economist defends Say's Law, the financial markets, advertising, competition, commodity money, even methodological dualism. "Economics is different from chemistry," Spearman declares. "The methods are different. What goes on in one place doesn't necessarily go in another." (*Fatal Equilibrium,* p. 111) In *A Deadly Indifference*, the august professor delivers an unpopular speech before the Cambridge faculty in the mid-1960s, forecasting the collapse of Communism because it "is inconsistent with all that we know about the motivations of human action." (p. 36) Like Mises, who predicted the impossible of socialist economic calculation, Spearman is ridiculed for his extreme position.

More Like Becker?

However, having read all three novels, my feeling is that Henry Spearman is more like Gary Becker than anyone else. Becker, Chicago professor and Nobel laureate, applies economics to marriage, crime, and other non-traditional areas. (See, for example, his book, *The Economic Approach to Human Behavior,* University of Chicago Press, 1976.) So does Spearman, "pushing his economics into criminology." He declares, "Love, hate, benevolence, malevolence or any emotion which involves others can be subject to economic analysis." (*Murder at the Margin,* p. 61)

Spearman, like Becker, also favors Marshall's definition of economics as the "study of man in the ordinary business of life." "Spearman took this definition seriously even though it was considered a bit old-fashioned to some of his younger colleagues who saw economics as a solving of abstract puzzles unrelated to real events." (*Murder at the Margin,* p. 113) The authors write that Spearman is trained in statistics and corroborates his "high logical standards" with "empirical evidence." (*Fatal Equilibrium,* p. 103) Gary Becker's faithful application of microeconomic principles to solving problems is consistent with Henry Spearman's *modus operandi*. He may not look like Spearman, but he acts like him.

Breit and Elzinga are to be congratulated for developing a creative, clever way to expound the principles of free-market economics. The response has been gratifying. Many professors make *Murder at the Margin* and the other novels required reading in their classes. I recommend you put them on your summer reading list. □

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THE FREEMAN
IDEAS ON LIBERTY

How Much Do You Know About Liberty? (a quiz)

Try your hand at answering the following questions:

1. What method of resolving disputes did trial by jury replace?

2. Which great American patriot was called the "Prince of Smugglers"?

3. What bulwark of American liberty do we owe to the Antifederalists?

4. How many slaves were liberated by Lincoln's Emancipation Proclamation?

5. After the Civil War, how did the federal and state governments oppress black people?

6. Why did states establish compulsory government schools?

7. What was the primary reason for the Sherman Antitrust Act?

8. When was the last time an American president responded to a depression by cutting government taxes and spending—and what were the results?

9. When and why did organized crime get started in the United States?

10. Which powerful U.S. government agency was established to assure monetary stability—but became a major factor responsible for the Great Depression?

11. Why did 61 nations raise their tariffs on American products after 1930?

12. How did government devastate farmers during the Great Depression?

13. Name three New Deal policies that destroyed American jobs.

14. What effect did the New Deal have on the Great Depression?

15. Which three twentieth-century presidents promised to keep America out of war—but maneuvered in?

16. About how many laws do U.S. legislative bodies, from city councils to Congress, enact each year: 10,000, 50,000, 100,000, 150,000?

17. About how many tariffs (import taxes) are there in the U.S. Tariff Code: 100, 500, 1,000, 5,000, 8,000?

18. Every year, Americans spend an estimated five billion hours unproductively wrestling with which U.S. regulations?

19. About how much do government regulations cost Americans each year: $100 billion, $200 billion, $400 billion, $600 billion?

20. What do these cherished pleasures of American life have in common: cowboys, hamburgers, movies, oranges, bowling, frankfurters, tomatoes, swimming, pizza, libraries, peas, onions, railroads, potatoes, salsa, picnics, symphony orchestras, and Christmas trees?

Answers appear on pages 470–472.

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BOOKS

Do the Right Thing

by Walter E. Williams

Stanford: Hoover Institution Press • 1995 • 83 pages • $15.95 paperback

Reviewed by John Robbins

Dr. Walter Williams, Chairman of the Department of Economics at George Mason University in Virginia, a syndicated columnist for the past 15 years, has collected his best newspaper columns from 1990 to 1994, sorted them into seven categories, and published them under the title *Do the Right Thing*.

Young Walter Williams grew up in a North Philadelphia housing project in the 1930s and '40s. He thanks his mother, who "having been abandoned by her husband, raised two children by herself through difficult times. She is the one who gave me a spirit of rebelliousness [and] taught me hard lessons about independence and discipline. . . ." He later went on to earn his doctorate in economics from UCLA. Dr. Williams also thanks Providence "that enabled him to have teachers in high school and professors in college who didn't give a damn about what color I was and held me accountable to high standards."

The title *Do the Right Thing* reflects Dr. Williams's political philosophy in two important respects: it is not enough to think the right thing—though all right action must start with right thinking—it is necessary to do, to act. Faith without works is mere lip service. Second, when one does act, one must do the *right* thing, the *moral* thing, not the expedient thing or the politic thing. Dr. Williams sees the source of American decline in the twentieth century as moral rot, in both our private lives and our public institutions.

In an age of philosophical and moral relativism and BOMFOG (the ubiquitous and false platitudes about unity in the brotherhood of man and fatherhood of God), Dr. Williams's honesty and analysis may be painful for some delicate souls. "Regardless of whose sensibilities are offended," he writes, "I do not hesitate to call things as I see them. Why? Because I care about our country and fear for its future as a free and prosperous nation." More importantly, Dr. Williams cares about truth.

Williams is controversial, but then anyone worth listening to is controversial. Long before William Safire thought of characterizing Hillary Clinton as a congenital liar, Williams recognized the political class, especially Congress, as "charlatans, either ignorant or contemptuous of the Constitution." Williams does not exaggerate. As one who worked on Capitol Hill for several years, I can attest to the accuracy of his observation. About the only thing sure to call forth more ridicule on the floor of Congress than a serious reference to the Constitution is a serious reference to the Bible as the Word of God. That means, of course, that many Congressmen cannot do the right thing, since they do not know or do not want to know what the right thing is.

Dr. Williams groups his essays topically: "Race and Sex," "Government," "Education," "The Environment and Health," "The International Scene," and "The Law and Society." A final collection, "Potpourri," contains those columns not easily classifiable.

On race, Dr. Williams writes: "I consider myself fortunate to have had virtually all my education before it became fashionable for white people to like black people. That meant that my educators were free to challenge whatever nonsense I uttered without fear of accusations of racism." Now, he writes, "The grossly fraudulent education received by a majority of black students in government-owned schools is a major problem. . . ." Dr. Williams makes it clear, however, that the problem is not one of racism, but of socialism: White students are also getting a "grossly fraudulent education" in the government schools.

One of Dr. Williams's most important essays is one in which he defends the

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founders of America at the time of the Constitution against the charge that they were defenders of slavery. Williams quotes several, including Thomas Jefferson, James Otis, John Adams, Benjamin Franklin, George Washington, James Madison, and Alexander Hamilton. Typical was the statement of Madison that slavery was "a barbarous policy."

Dr. Williams brings to his analysis of contemporary issues the keen insights of a sound economist. He explains why businesses are in favor of regulations (it's to keep down competition), why the self-esteem movement is so pernicious (it stifles effort and achievement), why a balanced budget is not enough (taxes and spending at today's levels are legalized theft). There is hardly a significant and contemporary topic that Williams doesn't discuss in this book. It is well worth reading, and Dr. Williams is well worth listening to. □

Dr. Robbins is professor of political philosophy and Director of The Freedom School at the College of the Southwest in Hobbs, New Mexico.

War on the West: Government Tyranny on America's Great Frontier

by William Perry Pendley

Regnery Publishing, Inc. • 1995 • 301 pages • $24.95

Reviewed by Jane S. Shaw

If the federal government has declared war on the West, as William Perry Pendley contends, we had better pay attention, since the federal government owns so much of it. As Pendley points out, Washington, D.C., manages more than 80 percent of Nevada, almost two-thirds of Utah and Idaho, and half of Oregon, Wyoming, Arizona, and California.

Pendley, a lawyer and political appointee in the Reagan Administration who now heads the Mountain States Legal Foundation, makes a convincing case that the government is on the attack. Planning the strategy are environmentalists, from blue-suited lobbyists in Washington, D.C., to urban dwellers in the West's growing cities like Seattle and Portland. These environmentalists (whom Pendley routinely calls "environmental extremists") hold sway over the federal agencies that manage the West. They are imbued with a romantic view of what the West should be—a vast "buffalo commons" interspersed with parks and wilderness areas that have reverted to "presettlement" conditions.

To make their notion a reality, they are using every tool at their disposal, from the Endangered Species Act to the activism of their political ally, Interior Secretary Bruce Babbitt. Their specific goal is to halt traditional western activities such as ranching, logging, and energy production. And they are succeeding.

Anyone who has been following the conflict between environmentalists and commodity users will agree that Pendley's contention is largely correct. He supports his arguments with examples, especially legal cases, sometimes in lengthy detail.

The chief problem with the book is that for Pendley bringing peace to the West means returning to the *status quo ante*. He doesn't champion freedom for the West. Instead, he defends the West as it has been—a federal fiefdom. Until recently, the government nominally controlled vast stretches of land but managed it in close association with ranchers, loggers, and mining companies. Not only was this inefficient (compared with private property); it was often costly to taxpayers.

But that doesn't bother Pendley. What bothers him is the failure to continue this arrangement. He is outraged at Secretary Babbitt's opposition to water projects such as the Animas-La Plata water project in the Four Corners area where Utah, Colorado, Arizona, and New Mexico meet. The project, he says, will "inject more than $20 million" into the area and total annual benefits will "exceed $31 million."

But dams in the West are heavily subsidized by taxpayers. The "injections" of funds from taxpayers are a major portion of the benefits that Pendley tallies. As happens so often in politics, the *cost* of a program

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looks like a *benefit* to those on the receiving end. But the costs are real.

Similarly, Pendley defends the current system of grazing when he should at least question it. The federal government owns millions of acres of land leased to ranchers, and controversy has swirled around whether the leasing fee is too low. Pendley says the fee is fair, but he ignores the more fundamental issue. That is the question of who should own this land.

In the late nineteenth century, the federal government reversed its past policy of turning territory over to private owners. It did so largely under the influence of the Progressives, an ideological movement committed to the idea that a government bureaucracy could manage natural resources better than private owners. As a result of this reversal, large parts of the West stayed in federal hands. So we have 80 percent of Nevada in federal hands, and only 2 percent of Maine. For a long time, many Westerners liked it that way because, in spite of federal ownership, local ranchers and logging and mining companies were effectively in charge. Now that has changed, as Pendley points out.

It is possible that the growing property rights movement will mount a successful challenge to the environmentalists. But as long as the federal government owns the West, special interest groups will control it. So, the fundamental problem is not "environmental extremists," as Pendley contends. It is government ownership. □

Ms. Shaw is senior associate of PERC, a research center in Bozeman, Montana.

The New Color Line: How Quotas and Privilege Destroy Democracy

by Paul Craig Roberts and Lawrence M. Stratton

Regnery Publishing • 1995 • 254 pages • $24.95

Reviewed by William H. Peterson

Item: The O. J. Simpson criminal trial verdict brings gasps and cheers. Polls show whites believe "O. J." to be guilty by about 75 percent while blacks concur with the verdict of "not guilty" by about 75 percent.

Item: The Million Man March on Washington puts the spotlight on its promoter, Louis Farrakhan, head of the Nation of Islam, who declares President Clinton, House Speaker Newt Gingrich, and Senate Majority Leader Bob Dole to be part of an overall "white supremacist mindset," adding: "We must be prepared to punish them if they are against us."

Add race riots from Detroit in 1968 to Los Angeles in 1992, and the 1964 Civil Rights Act's affirmative action program seems to confirm what I call Peterson's Law—government intervention boomerangs and makes things worse. All of which makes the Roberts-Stratton book a timely tool to unlock the riddle of the upsurge of racism and polarization in America.

Paul Craig Roberts, the John M. Olin fellow of the Washington-based Institute for Political Economy, and Lawrence M. Stratton, an Institute research fellow and member of the Virginia and D.C. bars, see that the 1964 civil rights law soon deteriorated into statistical race and gender quotas (which its sponsor Senator Hubert Humphrey promised would never happen), that merit loses out to preferment, that many white males have experienced "reverse discrimination," that the law breaks with Thomas Jefferson's Golden Rule for domestic tranquility of "equal rights for all, special privileges for none."

Today the vast majority of Americans, including many blacks, think affirmative action is for the birds. Ditto forced busing to achieve "racial balance" in public schools, and a host of other interventions governing racial "proportionality" for such things as bank credit and government contracts. State-decreed "fairness" becomes, manifestly, state-decreed unfairness supported by dollars from very frequently unwilling taxpayers. Worse, it's a threat to the ability of Americans to live peacefully together.

No question that racism is a deep social problem but the larger question is its origin—who or what is responsible? Racism,

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wisely hold Roberts and Stratton, is largely traceable to the state. Some of it of course reaches back to state-sanctioned slavery—terminated by the Civil War and the Thirteenth Amendment.

But much of it harks back to the New Deal's creation of a Welfare State with its mentality of "entitlements" such as Social Security and Aid to Families with Dependent Children (AFDC), both enacted in 1935. Judicial, legislative, and bureaucratic action of the last 30 years or so, apart from the impact of ghetto public schools, has but intensified America's polarization.

Schools and parental choice are, I think, critical. The authors point to the 1990 U.S. Supreme Court five-to-four decision in *Missouri v. Jenkins*. In 1987 U.S. District Judge Russell Clark ordered that property taxes in Kansas City, Missouri, be *doubled* because school authorities had failed to achieve "racial balance," a situation exacerbated by "white flight" to the suburbs. The Supreme Court upheld Judge Clark's order, with Justices Kennedy, Rehnquist, O'Connor, and Scalia dissenting that "the power of taxation must be under the control of those who are taxed."

Judge Clark had required that the Kansas City schools provide, among other things, radio and television studios, swimming pools, greenhouses, a planetarium, and a model United Nations wired for language translation. Initially the cost was estimated at $700 million. The final bill was more like $1.3 billion, or almost twice as much.

In the intervening years Kansas City citizens cried "No Taxation Without Representation!" and dumped tea-bags on the courthouse steps. To no avail. White flight continued, and when CBS's "60 Minutes" did a segment on Kansas City schools in 1994 a camera panning over a high school class revealed a number of students zonked out, their heads on their desks.

Is there a way out of this induced social trauma? Yes. It's back to Jefferson's bidding of no special privileges. It's back to see that the 1964 law's express prohibition of quotas—section 703(j)—means nothing at the hands of federal judges who "interpret" the law, that Uncle Sam, the social engineer, only makes things worse, that Americans have to revert to an era of good will and laissez faire to restore social peace. Conclude Roberts and Stratton: "There is no way to govern a society composed of implacable separate interests except through coercion from above. If we continue the assaults on good will, we will lose our democracy." □

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Contending With Hayek: On Liberalism, Spontaneous Order and the Post-Communist Societies in Transition

edited by Christoph Frei and Robert Nef

Peter Lang • 1994 • 228 pages • $33.95 paperback

Reviewed by John Attarian

Friedrich Hayek is celebrated as a scourge of socialist fallacies and a champion of liberty. As Eastern Europe's former Communist countries pursue a freer state, what can Hayek's ideas teach them?

Those seeking answers to that question should consult this volume of essays, the result of a colloquium in Zurich in 1992, sponsored by the Liberales Institut, which was founded in 1979 to explore basic political concepts in light of classical liberalism. Thirteen European scholars critically scrutinize Hayek's main social and political ideas and his relevance for the post-Communist societies.

John Gray (Jesus College, Oxford) argues that Hayek's ideas don't provide guidance for the transition out of socialism, and that following his prescriptions will be disastrous. The notion of spontaneous order proves central planning's failure, but markets don't just evolve spontaneously; they require institutional underpinnings, such as property and contract law, which post-

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Communist societies lack. But Anthony de Jasay responds cogently that historical evidence shows that voluntary exchange systems, supported by privately enforced rules, often pre-dated state authority, and that "constructivists" like Gray have it backwards: the post-socialist states lack the means to create a new order. "A spontaneous process, however its critics may scold it for being anarcho-capitalist and exploitative, generates its own wherewithal for an emergent order," as in the Czech Republic's case.

Lauding Hayek's long-term perspective, Robert Nef (Liberales Institut) counsels patience for the transition, noting that the destruction of mutual trust and good faith were the worst casualties inflicted by socialism and that the market greatly promotes their restoration.

Students of Hayek's "spontaneous order" and its ethical implications and his epistemological concerns—how to use knowledge and how to elicit it—will find the sophisticated essays by Gerard Radnitzky (University of Trier) and Hardy Bouillon (Gerda Henkel Foundation) useful. Radnitzky expounds and upholds Hayek's epistemology, notion of cultural evolution, and descriptive ethics; Bouillon unmasks various conceptual confusions in Hayek, e.g., of "freedom" and "power," and reformulates as necessary.

Roland Kley (University of St. Gallen) contends that Hayek errs in seeing the clash between liberalism and socialism as one of different means to shared ends, which can be resolved scientifically without value judgments. Moreover, *pace* Hayek, the market does not reconcile conflicting claims, and Hayek evades the issue of social justice. Hayek's liberalism, then, has shaky foundations.

Hans-Hermann Hoppe (University of Nevada, Las Vegas) concurs—from a classical liberal perspective. His essay is one of the book's best; friends of freedom would do well to peruse it. He exposes serious pitfalls in Hayek's thought, e.g., an "absurd" notion of coercion, under which one "coerces" others if one doesn't provide what they need. Government, Hayek asserts, should ensure a minimum income, spend to augment deficient private investment, regulate for health and safety, provide public amusements, and so on. In short, Hayek's position is indistinguishable from a statist social democrat's. Hayek's fame, Hoppe concludes, arose because "his theory poses no threat whatsoever" to social democracy. Those seeking a free-market champion must look instead to "the great and unsurpassed Ludwig von Mises."

Other essays present Hayek's key ideas, explore the circumstances of Hayek's intellectual beginnings, and trace the development of his notion of spontaneous order. Throughout, Hayek's ideas receive the thorough and serious exploration they deserve. Wide-ranging and timely, its essays models of scholarship and rigorous argument, *Contending with Hayek* is a must for liberty-loving scholars, especially students of Hayek and of Austrian economics. □

Dr. Attarian is a free-lance writer in Ann Arbor, Michigan.

Speaking Freely: The Public Interest in Unfettered Speech

With an introduction by Edward Crane

The Media Institute • 1995 • 133 + xxii pages • $14.95 paperback

Reviewed by Matthew Carolan

Speaking Freely, written from a conservative-libertarian point of view, contains five medium-length essays about relatively contemporary First Amendment controversies: television violence (written by John Corry), indecency legislation (Doug Bandow), mandated children's television time (Adam Thierer), limits on commercial speech (Daniel Troy), and the so-called Fairness Doctrine (E. Brandt Gustavson).

The essays are all well-written, contain interesting historical detail, and are explicitly designed in subject matter and argument to convince a conservative audience—not

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always sympathetic to free speech—to abandon statist solutions to social pathologies.

At the risk of over-rationalizing this issue, I might say that the argument for regulation of speech boils down to the false dilemma of the demagogue. How else will we "protect children"? Or, on the subject of commercial speech, "how else will we protect consumers?"

The idea that consumers can protect themselves, and parents can protect children, is often dismissed by those who fear the dark, incompetent side of human nature—or believe, in the words of a somewhat bourgeois and populist rhetoric that "parents [consumers] deserve all the help they can get."

The fact that the government is often not helping, but hurting the very interests of those it seeks to "protect" is a strong theme here. For example, the vagueness of pro-children viewing standards might lead to the control of moral messages as "hate speech"—or the "fairness" of the federal doctrine might require rebuttals to every religious broadcasting message, thereby chilling religious speech.

Less emphasized but still here is the more abstract, deontological theme that regulation is simply a violation of an absolute right, or that what provides you with that extra layer of protection might violate the legitimate property and speech rights of others.

This leads me to wonder when the book will be written for conservatives defending hard-core pornography, or Internet messages on how to build atomic bombs. *Speaking Freely* is revealing, in that sense, for what it does not discuss as much as what it does. It is interesting, for example, to see well-known religious individuals like Mr. Bandow, and Mr. Gustavson (a religious broadcaster), arguing against content controls in their respective areas of interest, but leaving untouched the broader implications of their message.

In that sense I think the producers of this book should give conservatives a little more credit for powers of circumspection. The authors here are batting out the softballs thrown over the heart of the plate—granted, the kind of softballs that a lot of other conservatives and liberals have been missing terribly. There is no doubt that what is said here is instructive, eminently valuable, and thoroughly convincing.

But it seems there is a larger philosophical issue that is left alone, and must be addressed: Must speech by its nature degenerate and thus lead to increases in degenerate behavior? Is there a teleology to free speech? Will it lead in an evolutionary direction? I for one look forward to more powerful philosophical, metaphysical engagement between conservatives and libertarians on the subject of unfettered speech—a kind of investigation about the direction of unfettered culture that one might find, for example, in the writings of the American philosopher Charles Sanders Peirce. We have seen too many instances, it seems to me, of practical political thinking running out of steam when there is not much else behind it. □

Mr. Carolan is executive editor of National Review.

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Answers to the Liberty Quiz questions on page 463.

1. Trial by battle. Apparently the custom had been to settle many disputes by fighting. King Henry II (1154–1189) introduced a number of legal reforms which, among other things, gave people the option of having a group of peers resolve a dispute. Historian F.W. Maitland: "The person sued might refuse trial by battle and have the question 'Who has the best right to this land?' submitted to a body of his neighbors sworn to tell the truth."

2. John Hancock (1737–1793), the resourceful Boston merchant who defied British mercantilist restrictions and, with his sloop *Liberty*, smuggled cloth, hardware, coal, wine, tea, and other contraband. He led protests against British taxes. Hancock was president of the Second Continental Congress, the first elected governor of Massachusetts, and the first to sign the Declaration of Independence. Reportedly, a quarter of the signers were smugglers.

3. The Bill of Rights. Soon after the Constitutional Convention made its proposed Constitution public on September 17, 1787, people who became known as Antifederalists objected that it lacked a bill of rights specifically prohibiting the federal government from violating key civil liberties. The Constitution was ratified without a bill of rights, but Antifederalists threatened to push for a second constitutional convention. To head this off, James Madison sponsored a bill of rights during the first session of Congress.

4. The Emancipation Proclamation didn't free a single slave. President Lincoln issued it on September 22, 1862, and it applied only to slaves in the rebel South—then beyond Union control. The aim of this war measure was to help stir insurrection in the South. The Emancipation Proclamation didn't apply to the North or loyal border states, so slavery continued there.

5. Southern state governments enacted "black codes" which made it difficult for blacks to compete with whites in business and professions. To help protect freedom of contract and property rights for blacks as well as everyone else, Congress passed the Civil Rights Act of 1866. But in 1872, the Supreme Court refused to uphold freedom of contract and property rights for blacks. These were the notorious *Slaughter-House Cases*.

6. The government school movement gained momentum as politically connected Protestants worked to counter the cultural influence of immigrant Catholic hordes from Ireland and Italy. By controlling school tax money and enacting compulsory attendance laws, Protestants could indoctrinate millions in schools they controlled.

America was a highly literate nation long before government schools dominated education. This is apparent from the remarkable number of books sold through the mid-nineteenth century. In 1863, *American Publisher's Circular* reported some annual sales, including Harriet Beecher Stowe's *Uncle Tom's Cabin*, 310,000 and Washington Irving's works, 800,000. Altogether, Anna Sewall's *Black Beauty* sold 3 million copies; Noah Webster's spelling book, 24 million copies; William McGuffey's *Readers*, 125 million copies. Moreover, foreign visitors like Alexis de Tocqueville reported their impressions that literacy was widespread.

7. Contemporary and near-contemporary accounts suggest the Sherman Antitrust Act was passed to provide political cover for the McKinley Tariff, enacted at nearly same time. Back then, many observers commented on the hypocrisy. For example, New York lawyer Franklin Pierce: "We provide for high duties upon foreign imports for the protection of home industries, and when a monopoly controlling the home market results therefrom, then pass penal laws punishing the monopoly. In this way our politicians prove to the great combinations who furnish campaign disbursements for political parties their fidelity to monopolistic interests, while, by the penal statute, they assure the people that they are against trusts."

8. Amidst the deep depression of 1920, President Warren Harding ordered 40 percent spending cuts. This depression was

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over by July 1921, and the great boom of the 1920s got underway.

National income grew from an estimated $59.4 billion to $87.2 billion between 1921 and 1929. Record numbers of Americans bought their own homes. Annual sales of radios soared from about $10 million in 1920 to $411 million in 1929. By 1929, there were over 26 million cars registered in the United States, about one for every five Americans. Books sold in record numbers. To be sure, a few groups didn't share in the overall prosperity—notably farmers. They had expanded capacity dramatically during World War I, and afterwards European farmers resumed their normal production levels. So there was substantial excess capacity which farmers were reluctant to liquidate. This depressed agricultural markets for years.

9. Organized crime arose because of alcohol Prohibition during the 1920s. Enterprising individuals filled the continuing demand for adult beverages. They were often rough characters, because one sometimes had to be rough to enforce illegal contracts—courts wouldn't do it. As Milton Friedman reported on homicide trends: "There was a steady rise through World War I, and then an even steeper rise when the Eighteenth Amendment prohibiting the production, distribution, and sale of alcoholic beverages became effective. That rise peaked in 1933, the year in which the Prohibition amendment was repealed. The homicide rate then fell. . . ."

10. The Federal Reserve System was a key culprit responsible for the Great Depression. The Fed is subject to political influence. In addition, it's always difficult to interpret conflicting information, which means human error is a continuing risk. Because the Fed has considerable impact over the money supply, its errors can have a traumatic impact on the economy, as they did during the 1930s. In general, the half-century following the establishment of the Fed was more unstable than the half-century preceding it.

11. Nations raised tariffs on American products as retaliation against the Tariff Act of 1930 (Smoot-Hawley). They singled out products which hurt Americans the most. Spain, for example, retaliated against U.S. tariffs on Spanish cork, wine, and oranges by slapping 125 percent tariffs on U.S. cars. In Italy, Mussolini had resisted pleas for protection until Smoot-Hawley, but afterwards he agreed to effectively ban U.S. cars and radios. The Swiss boycotted U.S. products—typewriters and gasoline were especially hard-hit. America's long-time friends and military allies like Canada, Britain, and France were as angry as everyone else. Overall, following Smoot-Hawley, U.S. exports plunged as much as 90 percent.

12. Taxes hit Depression-era farmers harder than anything else, costing more than farm mortgages. State and local governments got most of their revenue from property taxes which remained high even though farm commodity prices declined during the Great Depression.

13. The New Deal destroyed jobs by increasing taxes for a variety of spending schemes. For example, New Dealers tried to prop up farm income by reducing farm production, but this destroyed jobs, as Agriculture Secretary Henry Wallace admitted in 1934: "I am fully aware that acreage adjustment produces its unemployment problem just as the shutting down of factories in the cities."

Other New Deal job destroyers: National Industrial Recovery Act (1933), which established cartels to restrict production and hence employment; the Wagner Act (1935) which enabled unions to expand their power and get higher wages, thereby reducing the number of jobs employers could afford; the Social Security Act which, by introducing a new payroll tax, increased the cost of creating new jobs, reducing the number that could be created; Fair Labor Standards Act (1935) which made it illegal for employers to hire people who added less value than a minimum wage.

14. The New Deal certainly did not get America out of the Great Depression. In 1932, when Roosevelt was elected, 11,586,000 people were unemployed. In 1939, almost as many people were still unemployed—

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11,369,000. In 1932, 16,620,000 people were on welfare. Eight years later, even more people were on welfare—16,908,000.

15. Woodrow Wilson (1916), Franklin Roosevelt (1940), and Lyndon Johnson (1964) all promised the American people to stay out of war, then maneuvered in.

16. According to the late Henry Hazlitt, U.S. legislative bodies enact some 150,000 new laws a year. Estimate is from the 1970s. There's no reason to suppose this number would be lower. Indeed, now that bigger government is back in style, the number seems likely to be higher.

17. The U.S. has 8,753 tariffs on the books.

18. According to James L. Payne's *Costly Returns*, people spend an estimated 5 billion hours a year unproductively trying to comply with tax laws.

19. Government regulations cost Americans about $600 billion a year. (See *Market Liberalism, a Paradigm for the 21st Century* [Washington, D.C.: Cato Institute, 1993], p. 6.)

20. All these good things which now seem 100 percent American originated elsewhere or owe much to the enterprise of foreign-born people.

Scoring:

If you got fewer than 10 questions right, you can look forward to a lot of fun learning more. Between 10 and 15 questions right: congratulations for knowing so much about liberty. Over 15 questions right: obviously, you're an advanced student of liberty.

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